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# MOBILIZING AMERICA'S RESOURCES FOR THE WAR

## The Annals

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JULY, 1918

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## FOREWORD

In this volume will be found a collection of papers, written by men and women occupying commanding positions in their own subjects, on some of the most important questions now before the American people. It is an obvious impossibility to include every question of present-day importance. No apology is offered, therefore, for the absence of many subjects which might well have been included. It was the thought of the editor in charge of this volume that the topics selected bore a definite relation to each other and to the national situation.

In this foreword, which is my contribution to the volume, I wish to say a few things from the standpoint of the teacher. Let me begin by calling attention to the fact that there has been a marvelous change in our general program of education. I am not thinking now of our formal educational institutions, for most of our education we get outside of the schoolroom. What I have in mind is the fact that primitive man got most of his training through the ear, whereas modern man gets his training largely through the eye. This contrast has been recognized in many quarters. Verbal promises have not been considered as binding as written. Direct evidence of the eye-witness is more accurate than the story of one whose information has come through the ear. Although in the early days the written word was invested with a semi-sacred character and in spite of the fact that the average man today has learned to read, the critical factors have not been developed to an adequate degree. Enormous masses of printed material now greet us and we lack the ability to discriminate between that which is good and that which is bad.

From many standpoints war is a conflict of ideals rather than a clash of people and of arms. It turns on our standards of life, on the things which we want, the things for which we will fight and for which we will die. It is now clear that the present conflict is primarily between democracy and oligarchy, between the people who are seeking to develop themselves as they think best and other people who are submitting to overhead control, exerted primarily in the interests of the few. Democracy is not a method, it is an

ideal. England, with the forms of monarchy, has been, in many respects, more democratic than the United States.

The point of my first illustration can now be seen. Devotion to ideals can no longer be taught through the ear, from preaching moral sermons. Devotion to common ideals must come from the common experiences of every day life; of those ordinary things which after all are most fundamental. If these common experiences cannot be had, common ideals will not arise. Even in a democracy we must recognize this and secure the substantial freedom of all individuals to develop themselves. To a wonderful degree America has been a melting pot for the immigrant; in part America has failed, because it has neglected to see that the immigrants come in contact with American ideals. We forget that the immigrant does not get his conception of justice or of the persons administering justice from contact with the Supreme Court of the United States, but from the policeman on the beat, the magistrate and the police court. Almost without exception the negroes of this country have been most patriotic and are today as willing to serve the country and die for it as any of us. In reality what have we given them? Have we been concerned with teaching the "negro to know his place" or encouraging him to develop to the extent of his ability? The fact remains then that, in the case of the immigrant and the Negro American, we must primarily recognize either that they are part of us and must share our common life or else admit that we have gone on an oligarchic basis and propose to develop the country without regard to them.

From another standpoint, there is some danger at the present time from certain sorts of unworthy education. I think of the danger of passing on foolish gossip, which arises from ignorance and prejudice. We have been so ignorant of the inner conditions in Europe that our judgments of what has been going on there are open to question, and it would seem wise for us all to be guarded in our expression. Not long ago I asked a class the location of Flanders. One boy hazarded the guess that it was in the southeastern part of England, whereas one or two others were sure it was in the northern part of France. That such geographical information can be found in a class of forty University students merely indicates the amount of crude notions that may arise among less highly trained men.

A second source of danger comes through the expression of self-

interest, whether this is voiced by the laboring man in the phrase "give as little as you can; get yours," or by the wealthy profiteer.

A third source of danger comes through the traitor, the one who is deliberately spreading false information in order to aid the enemy. Here we must be on our guard not to condemn other countries for doing that which we seek to do, namely, present ourselves in the most favorable light to the outside world.

This war has revealed the want of vision in our country of the things that might be necessary in case of a crisis. I have no time to speak of the wonderful response that the people of the country are making. I can only point out the terrific cost of the lack of coördination in our industries, in our employment and discharge of men, and in our educational systems. After the war is over, industry, government and education must not be allowed to return to their earlier condition.

Just what changes will come, I do not profess to know. I will emphasize the necessity of making these changes after careful inquiry and deliberate considerations of the situation. I fear that we are likely to take steps under the influence of our emotions which we shall have occasion to regret and perhaps retrace. For illustration the widespread movement throughout the country to abolish the teaching of German is open to serious question. I am of the impression that the most important foreign language for any American to know during the next generation will be German. One can make love to a friend if necessary without using words, but it is not safe to get into close quarters with your enemy unless you understand his language. Germany is not so foolish that she has nothing to learn from her enemy or to say that she is going to cut off communication with the enemy. Think what a marvelous advantage it has been for the Germans to go into Russia, Italy, Serbia and France, speaking native languages. Are we so stupid that we propose to render ourselves impossible to do the same?

I am not discussing the place of modern languages in the public schools, or of existing methods of teaching modern languages. On these topics I have some very definite convictions, which need not be expressed here. I would say that I hope we shall have sense enough to see to it that there are Americans able to speak, read and write any foreign language which we may need to use without compelling us to call in foreigners to do our translation work for us. I am of the

impression that we ought to open our schools to all immigrants and to require all immigrants to learn our language. I am willing to go further and support the suggestion that every child in America should be compelled to attend a school taught in English. As long ago as 1891 Wisconsin passed a law that every school child in Wisconsin must go to a school in which American and English history was taught in English. This law was passed, I understand, to eliminate some of the foreign influence. Shortly after it was enacted it was reported that a delegation of Lutheran ministers called on the governor and asked him not to enforce it. It is a sad commentary but not long thereafter the opposition was so strong that the law was repealed.

In the effort to educate the people of this country to the significance of the present war the existing law which promises to stamp out our national magazines is to be viewed with great concern. As a war measure, if for no other reason, I would advocate the suppression of the new zone law for magazines. In this connection it is interesting to note that someone, Mr. Vanderlip, I believe, has suggested that the crude, easiest way of distinguishing between essential and non-essential industries would be to list those who had to advertise in order to exist.

I have objected to lip service. I want to close with an appeal for personal service. It is not what you say to your community with reference to your loyalty, it is what you do. If you are the millionaire, I do not care how much you preach loyalty to the country and the necessity of giving your service in time of war, if you carry on elaborate improvements of your country estates, employing dozens of men at prices the farmer cannot pay, you are a far bigger traitor to your country than the poor fool down in the gutter in whose heart some injustice rankles and who sputters because he cannot do anything else. Unfortunately, for my own peace of mind and happiness, I chance to belong to that between generation not likely to be directly drawn into the maelstrom of the war, but it may not be inappropriate if I ask only one thing—and is not that the appeal of every one of us—that we be conscripted (and I am not quibbling over the meaning of the term) for whatever service the government needs that is within our power to give.

CARL KELSEY.



## MOBILIZATION OF POPULATION FOR WINNING THE WAR

BY TALCOTT WILLIAMS, LL.D.,

Director, School of Journalism, Columbia University.

The conversion of a great peaceful population into an efficient fighting force turns first upon the internal distribution of the factors of the industrial organization itself. Unless these factors are so divided and distributed that the coefficients of the war can be maintained, first physical and then moral collapse are inevitable. The coefficients necessary to war are a fighting force, an industrial system that can turn out munitions, clothing and transportation and steady food production. Russia had food and men but no industries adequate to munitions, uniforms, shoes, railroads and motors. The Russian army was never fully armed and transport was always deficient. England had men and munitions, equipment and transport but inadequate food, and its strength has been strained to breaking in keeping up its food supply. France had food, mechanic force, and man supply in equipoise, as had Germany. These two countries have been manifestly more equal to the early strain of war and more continuously efficient than either of the other two, Russia and England. Italy and Austria were short in mechanic efficiency. Taking the experience of this war, one can almost say that unless a country has 4,000,000 tons of pig iron a year for every 1,000,000 in the field it cannot make war. Germany and Austria with the aid of the works seized in Belgium and North France had a total iron production of about 24,000,000 tons including the two Central Empires, Turkey and Bulgaria; German plants had to meet the needs of a total force steadily under arms of about 5,000,000, with as much more in various reserves. If the United States had not advanced its pig iron product to 40,000,000 tons, France and England with only 12,500,000 production of pig iron would have collapsed. As it was, this increase in our product kept Italy supplied and would have done this for Russia if transport had been available. The United States will have to raise its pig iron product to 50,000,000

tons a year, if the war continues and it raises the force needed to win the war.

A similar comparison can be carried out as to the constituent parts of a population using such approximate census returns as to occupations as are available. Exact statements are not possible and in the following comparison public services and various other callings are excluded. Russia had 60 per cent of its population raising food, 15 per cent in mining and manufacturing, and 7 per cent in trade and transport. Such a country will break down in trade and transport and be unable to arm its men. England has 15 per cent raising food, 47 per cent in mining and manufacturing, and 11 per cent in transportation. Mobilization would find food short. France was better balanced, 42 per cent raising food, 36 per cent in mines and manufactures, and 9 per cent in trade and motive powers. Germany had a still better distribution, 32 per cent in food, 40 per cent in mines and factories, and 12 per cent in trade and transportation. The war has shown how efficient this distribution is. Had Germany gone on for twenty years more reducing those raising food and increasing its mineral and factory population, it would have failed for food. Austria-Hungary with 65 per cent raising food, 16 per cent in mines and factories, and 14 per cent in transport, has shared the weakness and met almost as many defeats as Russia.

Comparing the United States for a similar period in 1900, this country had 36 per cent raising food, 15 per cent in mines and manufactures, and 16 per cent in trade and transport. It had in miscellaneous occupation and the professions, twice the number that Germany had in proportion to those employed, and a larger amount of woman labor not utilized in peace. Such a country can mobilize more men without disturbing its industries, draw on a larger reserve of women to take the place of men, and maintain its food, mining, and manufacturing plant and remain mobile. Owing to its large use of machinery on the farm, its food product per person at work is from two to three times as large as in the other countries cited, and this is true of its mines and manufactures. It has the food product needed, and a supply strained by the necessity of providing other lands which have let their food product diminish. The wealthy privileged class in England monopolizing

land, have used for sport, pleasure, and show, large areas which could and are now beginning to produce food.

The American people, therefore, enter war with a food plant which can put women to work, employing machinery and personal service on a large scale. Its possession of a large ratio of engineers, physicians, and men in similar callings enables it to meet both military and home demands without strains. Our social structure is more elastic and its reserves larger. Our proportion of men who have learned to act for themselves is greater, and this furnishes more men capable of being officers. Our proportion of women ready for any test and having the same education as men is greater and this lets loose a larger share of man power from home pursuits.

This is true also of England, but England has very few doctors; is drawing heavily on men capable of being officers; and has a smaller proportion of women with college and high school training equal to the higher grade of clerical, administrative, and directing posts. As the conflict goes on through the blood-stained years of war before us, it will be seen that no preparedness produces quite so efficient a society for conflict as one that has kept open to its entire society all paths and all opportunities, unhindered by privilege. The supple and enduring force of France is due to a like democratic organization. Autocracy and privilege in the Central Empires can win the first battles. Democracy will win the last and final battle.

The mobilization of a population is not, therefore, as it is envisaged by the public and most military men, the extraction by volunteering or draft of a certain number of men needed for war, from the general mass of men. This will be as useless as the 11,000,000 men gathered up by Russia at vast cost of life, labor and treasure of whom not nearly one-half ever saw a fighting line or handled a gun. Production was dislocated, pestilence sown, and the entire population demoralized because the mining, manufacturing, and transport plant was not equal to the task of arming, moving and supplying this unorganized mass. Mobilization turns on the capacity and the soundness of the whole body politic. Even if the mechanic and transport plant exists, if a nation has been careless about communicable diseases, these will plague its camps and arouse perilous doubt as to its military direction and its national direction and administration. Germany and the United States have led in lessening tuberculosis; both profit by this. France has lost at least

32  
40  
12  
84

400,000 fighting men by this neglect, one-tenth its possible fighting force. Every step towards prohibition aids efficient mobilization. The fight against social disease which began twenty years ago, under the disapproval of many, is today a national asset of the first importance in the national mobilization of our fighting forces. "Preparedness" and "Mobilization," are not rifles, guns, explosives and herded masses of men. They are the organization of the national life in peace on the highest level. The American people are too often reproached for not rushing into the war in August, 1914. If a single military authority had been in control of this country, England, France, Italy and Russia, in 1914, the high command would not have called out men in this country. It would have set our industrial plant making arms for the armies of the country with a military establishment and an army and navy in being, which is what took place.

This would have brought the next step in mobilization, the remodelling of industry to meet the more accurate and highly specialized needs of war. Our industrial plant was not fit for this task, and its managers were ignorant of the fact. Where peace needs work on hundredths of an inch, war calls for accuracy to thousandths of an inch.

When war orders came our plants were not equal to the task. The Westinghouse Company has drawn attention in a recent report to a loss of at least \$5,000,000 in making 1,800,000 rifles for Russia and England. In the fall of 1914, when this contract was made, the estimate looked to a profit of some \$30,000,000, more or less. Deliveries were to begin midway in 1915. They actually began in February and March of 1916. The loss, originally placed at \$10,000,000 and later at \$5,000,000 with an expected profit of \$30,000,000 or a total of \$35,000,000 not cleared, as anticipated, was a fair measure of the cost in every possible form (delay, interest, deferred deliveries, training labor, installing new machinery) of bringing this establishment up to the standard required by modern arms of precision. This took place in munition contracts all over this country. The same disproportion between what was asked of American manufacturers, what they could do and what they lost in profits and what the government lost in delays, has taken place since war was declared by us. Shipbuilding has required like mobilization. All this is notably true of the Liberty motor. The failure has led to the re-

tirement of as able and patriotic a man as has been called to war service. These failures, these delays, and these losses are part of the cost of mobilizing our industry for war conditions.

So with dyes. Germany had \$400,000,000 invested in coal tar dyes. Coal tar is the chief source of high explosives. These dyes works could be switched at once from dyes to explosives. This industry had to be created here. In what a different position would we have been, if coal tar dyes had been adequately protected as were iron, and steel at an earlier period?

If the Federal Reserve Board had not mobilized our banking, we should have had a financial strain and panic. Our railroads were congested, not because they were ill-managed or incompetent, but because the army and navy, untrained in the task of mobilizing transport, deranged the movement of trains by a vast confusion of "priority orders" when the new business created by war was alone enough to overtax our railroad system. Our railroads are now running at a loss as part of our war costs.

These changes are all part of adjusting the population of workers to the more arduous accuracy and speed of war. The mobilization of men for the fighting line is only the culmination of this general improvement for peace efficiency. The male population within our draft ages, 21 to 31 years, is one half unfit for the strain and rush, the physical strength and resistance to exposure, needed by war. Those ignorant of war thought that any man that could work could fight. The years from 21 to 31 have a larger share of those who can work but cannot fight than the years from 18 to 21. These years, called in all European countries and admitted to our regular army, were excluded here. These years yield men stronger for war, in better health, and freer from disease than the years from 21 to 31 years of age. This exclusion of those 18 to 21 years from the draft deprived the Republic of at least 2,500,000 men more ready for war, whose call would have less dislocated families and industry. These years, 18 to 21, were left at home and every national interest lost by it.

There are about 2,500,000 not naturalized white males over 21 years of age. These were included in the total population on which the draft was distributed among the states. The foreign-born males over 21 are two-fifths of all males over age in the New England and Middle States, more than a quarter in the Central and



Far Western States, and a twentieth in the South. This was a grave injustice to the Northern States, and to the nation. The last lost greatly in the distribution of industry. Under this plan, a larger proportion of white males over 21 than negro males over 21 were drawn.

Turning aside from the systematic exemption developed in European countries by a century's experience, exemption was left to local boards. This follows our national confidence in local self-government, and accepts the recent English example. Exceptions exist, but here local boards showed a very high standard of conscientious public service. This cumbrous, uneven, and in part irregular selection was too often unjust to individuals. The nation has never watched over its manhood and womanhood. It yearly counts its bales and bushels and tons, but not its men. In Germany, the whole body of manhood is recorded, watched and kept up to date. Were this done here, labor would be better employed. Every new demand for particular tasks could be met promptly, aiding both capital and labor, increasing the average year's wage, and reducing costs of production to the public. Industrially this would pay. Had this yearly census of all males and females in the industrial ages, over 14 years of age been kept year by year, with trades, callings and vocations, labor would have been more continuously at work, our elections would be better guarded, sanitary regulations would be more efficient, and in war the maximum of speed and efficiency would be gained. Governor Whitman's New York census began this work, and the government used it. Had it existed in all the states a half a year would have been saved. Compulsory military service would give this census and would be justified by industrial efficiency alone. Thanks to General Wood, provision for training officers has now been in progress for nearly a decade, and the mobilization of material for officers has been far more successful than any other part of the steps which turn a nation at peace into a nation at war.

## THE DYNAMICS OF MOBILIZATION OF HUMAN RESOURCES

BY MILES MENANDER DAWSON, LL.D.,

New York City.

The prerequisite of solving the problem of mobilization of human resources is that the forces operating should be understood. This does not mean that, even with an imperfect understanding of these forces, complete mobilization might not be approximated; but that, in order that the means may be best adapted to accomplish this, the nature of the problem must be comprehended, for which accurate knowledge concerning the forces at work is absolutely essential.

The use of money to marshal and direct them, causes them to be covered out of sight by the persistent illusion, most difficult to shake off, that money is itself that which gives the impulse. It is necessary therefore, first of all, to strip off this illusion. Unless thus simplified, the problem is well-nigh incapable of a solution satisfactory from a theoretical standpoint and the results from a practical standpoint must also be unsatisfactory. Resources could be marshaled, if there were no money.

It is worth while, since this paper is intended to be merely an introduction to the consideration of all the special phases of the problem before us, to consider somewhat closely how this force operates in ordinary times and with what result. Obviously it calls one sort of utility after another into existence, as the volume of the surplus food increases, so that more and more persons may be spared from food production to engage in supplying other wants. This brings about the complex and interdependent economic conditions with which we are already so familiar, although many phases of them are so very new that we really forget that life was ever a simpler thing, more closely associated with the cultivation of the soil.

The money which we use as a medium of exchange and, therefore, as a means of marshaling the forces and directing them in production, transportation, distribution and other activities, rests upon a commodity, used as a measure of value, which is demon-

strably of the nature of a "marginal utility"—that is, one of the utilities successively called into existence for the use of mankind and still kept in use by reason of the fact that, after supplying himself with other utilities which he esteems of greater importance for his well-being, he is able to afford them in turn. All such marginal utilities are susceptible of great changes in exchange value according as standards of living expand or contract. Such changes may range from no further demand for production of a given utility because of shrinkage in standard of living, to a demand increasing to such an extent that a price is willingly paid therefor, which causes the most unprofitable field, from the standpoint of the amount of product per unit of force expended, to be exploited.

One of the confusions which employment of money has introduced, is that it is often thought, because it creates so great a demand for the commodity which is used as its basis, that, even when all which can be supplied is in use, there is still an extraordinarily heavy demand for money, in consequence of which bills of exchange, bank notes and other devices are employed as forms of credit currency. Many have supposed that this fact tends to hold the value of the commodity used as a basis for money stable or very nearly so, but credits would be given, if there were no money.

It is not true, however, that the exchange value of money is stable. In fact, a general rise in prices could not possibly be explained except by assuming that what really takes place is the fall in price of the one commodity used as a basis for money. It is quite clear also, when the matter is considered narrowly, that the marginal utility employed as money must, in view of the failure of its volume to vary directly with the volume of the force actually at work to marshal human resources, vary in exchange value per unit in a manner roughly approximating the inverse of the ratio of its quantity to the quantity of the force actually operating.

This becomes evident, when we consider what is the primary force brought to bear in directing human resources to supplying human needs. The case stands thus: If there were but one man in the world, he would have to obtain the force necessary to enable him to supply other needs by first supplying his need for food; and the time and force which he would be enabled to apply to satisfying other wants, would be strictly limited by the surplus food which he could produce over that which he consumed while producing it. Given a

community, it is evident, also, that the time and force which they will be able to apply to producing commodities or services to supply wants, other than subsistence, will in like manner be strictly limited to the surplus food produced by those engaged in such production, over their own requirements while producing it.

If, therefore, in a nation cut off from other nations there were a change from producing food in amount over the requirements of those engaged in such production, to the condition that only by the entire population applying itself to food production could such population be sustained, the condition would be approximated that the country's money would have no value as respects mobilizing human resources and directing their energies to producing anything else. There might be much money, but there would be no such resources or energies to direct.

It may be argued with plausibility that, even though such condition were arrived at, there would exist many utilities already produced and money could and would be used in their exchange. But money would have lost its character as a medium of exchange by means of which human resources are mobilized and directed, because it would no longer command the forces called into being by a supply of food above the requirements of those engaged in producing food. It is this control which gives to money its general acceptability, not the mere fact that it is this commodity or that; if that were all, only those in need of that commodity would accept it. But, when one can, by thus commanding a portion of the surplus food product, direct how that force shall be employed in producing other commodities which he desires, he is of course able to purchase whatever is purchasable. When this quality disappears, the reason for money's general acceptability as money disappears and such acceptability vanishes with it.

These things are brought forward here, not to reason out their full significance in connection with our banking and credit system, but merely to strip off illusions which prevent most people from noting the forces operating. These forces, then, may be defined as follows: the food produced by those engaged in food production, beyond their food requirements while so engaged, is the energy transmuted into applying human force, both mental and physical, to supplying other wants. Its productivity may be increased by invention of labor-saving machinery and discovery of better processes

of production; but the amount of the force itself is strictly limited to this surplus food and its direction primarily rests in control over it. This fact has been rendered very plain during the present war, the outcome of which has more and more tended to depend on skillful mobilization and direction of human resources, primarily by means of enlarged food production per man engaged in such production and in addition by means of its skillful and economical distribution with the purpose of making the efforts of the nation more and more effective, both in offense and in defense.

The first problem encountered is a reduction in the volume of surplus food. It may be that this will not have its full, natural effect of reducing to merely nominal value one set of marginal utilities after the other, these being the ones which people most willingly do without if compelled to reduce their standard of living; for there may be, and indeed in modern times usually is, as a result of the tendency toward larger and larger production of surplus food, a considerable accumulation of surplus which has not been directed to the production of other utilities. This is possible because certain foods may be stored for a considerable time and also because methods of preserving other forms of food for considerable periods have been invented; there is, therefore, failure to divert to other forms of production all the human beings who could be supported by the whole volume of the surplus food. It is possible, and indeed almost inevitable, that this be somewhat slowed up in what may be called good times as compared with the increase in the production of surplus food which thus affords an accumulated surplus to act as a buffer to tide over downward fluctuations in production of surplus food which are of course inevitable; but when there is a sharp and big diminution, so that this accumulation either disappears or is very greatly reduced, it is necessary to reverse the process, *i.e.*, to enlarge food production and to reduce production of other utilities.

This being true, it is well to consider what takes place when a nation in these modern days goes to war. The phenomenon which immediately forces itself upon the attention is that a vast number of persons, some engaged in producing food and some in producing other utilities, are taken out of these occupations and set to work in the actual business of war, that is, in the military or naval service. These persons must be fed and supplied with other utilities needful for them that they may be in condition to perform the service re-



quired of them. From this it follows, first of all, that, unless still others are diverted from occupations which they are following to agriculture, there will be diminished production of surplus food, notwithstanding the fact that, until war begins to cut down the number of the population, there is as large a demand for surplus food as before, and indeed, taking into account the strenuous work which the men must do in such times, probably a considerably larger demand per person counted in units of nutrition. This necessity for diverting more persons to agriculture may be somewhat qualified by the invention of labor-saving machinery or its wider use; but, even so, in order that there may be the amount of primary force necessary to marshal the human resources for war, it is absolutely indispensable that there should be a considerable diversion of those who are engaged in other occupations to the occupation of agriculture. The very first move, therefore, after calling upon those so engaged for their quota to help carry on the war, must be to replace them in agriculture with persons who are not subject to military duty, and also to increase the number so engaged.

Up to this point no doubt there would scarcely be any difference of opinion; neither can there be difference of opinion as to the absolute necessity for diverting men to industries engaged in producing, transporting and distributing munitions of war of all kinds. This is likewise necessary and even those who have not given careful thought to the fundamentals of the subject understand it quite well.

This involves a sharp and sweeping reduction in the production of marginal utilities of sorts that can best be dispensed with. It calls for great reduction in the standard of living because such standard of living consists first, of the maintenance of life by food and second, of the consumption of a share of all the other utilities which are called into existence by the application of surplus food applied to the maintenance of men at work in producing other utilities. When the men engaged in producing these utilities are so greatly reduced in numbers by transferring many of them to military and naval service, to producing munitions and to agriculture, it follows necessarily that the standard of living must fall and marginal utilities that can best be dispensed with, must no longer be produced.

This process, when operating in a moderate degree, as when a nation is not at war, is attended with much distress of which the outcry against what are known as hard times, whether occasioned

by the breakdown of a banking system or by failure of crops, is an example. But when a nation is engaged in war, adjustment is even more difficult because the necessity for it is not brought home to every person by diminution of his purchasing power, which is the exact effect of the reduction in surplus food or in control over it, which results in hard times. On the other hand war takes hold of the matter from the opposite direction, viz., by directly applying the forces maintained by the surplus food to the production of other utilities than those with which the wants of the community, aside from food, have hitherto been supplied.

Therein lies the peril of leaving the adjustment as regards mobilization of human resources to the play of money's control over that which it in fact represents, viz., surplus food. Men with money do not at once see, as in ordinary hard times, the necessity for retrenchment in personal expenditures. In ordinary hard times they see this because they have not the money, while in these times they may have the money and yet the public necessity exists that there should be retrenchment.

To put it another way, in ordinary hard times a reduced production of marginal utilities can be brought about quickly enough for all purposes through the falling off of the purchasing power as regards utilities least desired; but the sudden, convulsive change of conditions owing to the country's engaging in war calls rather for community consideration as to what marginal utilities should be struck off. Therein are both the distinction and the occasion for looking below the surface to see the forces really at work before determining what utilities should be suppressed. If this were not done, the preferences of many of those who have the power to supply their wants, however unessential such wants may be, would be exerted to make it exceedingly profitable to minister to these wants, which would be disastrous to a nation under the stress of war.

It seems entirely clear, from a purely theoretical standpoint, that there are many very expensive utilities of a marginal character not at all essential to the real well-being of a people and even in many cases very deleterious, which nevertheless come to have so great a hold upon them that it is difficult to shake loose this hold. First among these are the habit-forming drugs, beverages, foods and amusements.

Careful consideration should be given, as regards several of

these, as to whether they are not really diseases of civilization instead of utilities at all. As regards drugs, there is no doubt; as to alcohol, little question. Even in ordinary times its inutility, as compared with other substances, has come to be recognized and its deleterious effects are also widely recognized. It is produced by direct transformation of what would otherwise be food; that is, its production calls for the expenditure of the very force which enables mankind to enlarge its standard of living. Accordingly, a good deal has been done in all countries to limit or to prohibit the use of alcoholic beverages.

On the other hand, a larger portion of the cultivated land of our country will be devoted in 1918 to the production of tobacco than in any previous year; the government has just taken over for the use of soldiers and sailors, the entire product of a great tobacco factory. Yet tobacco involves a quadruple loss of force, viz., the application of a large amount of labor; the use of vast tracts of land which could be devoted to the production of food; a very large waste involved in the manufacture, transportation and distribution; and a not inconsiderable diminution of the force of those who consume the tobacco. That there is such impairment of efficiency owing to its use is perfectly well understood by trainers of athletes.

Neither our labor power nor our land is applied to the production of tea or coffee; but a large amount of each is devoted to producing commodities which are exchanged for them. These in turn have little food value. These habits, already formed, will doubtless persist in greater or less degree; but it should be recognized that they stand in the way of successful prosecution of war and, in times of peace, in the way of an enlargement of the things essential to the best standard of living.

Habit-forming amusements are also very costly, enervating and destructive. The passion for entertainment, as if ever to know a serious moment were irksome and void of joy, is a weakness which causes many tens of thousands, supported by this surplus food, to expend their energies in ways which do not make for mobilization of our powers.

Other forms of waste may not be so obvious; but some of them can be pointed out and perhaps can be more readily obviated than these. There is, for instance, the purchase of articles not for their

use but for ornament, a vast amount of labor being applied to make them especially rich and costly. It ought to be unfashionable to indulge in these and their production should cease.

Processes of production, transportation and distribution should be simplified and rendered less costly. As regards production, great strides have been made to eliminate waste. Under transportation enormous loss of power is being eliminated everywhere. There is still, however, as much waste as ever in distributing commodities. Special attention ought to be given to avoiding forcing commodities upon purchasers. The greatest of these wastes is advertising, which has become almost as much a disease as habit-forming drugs and beverages. It enormously adds to the prices of commodities without increasing their utility. Many who are so employed could be exceedingly useful to the country in the war. There is also much labor wasted in printing these advertisements and producing ink and paper. There ought, on patriotic grounds, to be an effective boycott against articles sold by advertisers who seek to maintain "Business as Usual."

Another great waste is in personal service. The maintenance of expensive households or what is quite as bad, tremendous hosteltelries on a most extravagant scale is an inexcusable diversion of human labor, supported by the surplus food, from the production of utilities or services of importance in these critical times.

There must be a clear understanding by all, that, whatever it may seem to be when one looks through the colored glasses of mere money expenditure, *the consumption of utilities of any sort, whether commodities or services, which are not actually essential, is an unpatriotic thing.* It draws upon the diminishing stock of surplus food to provide maintenance for men and women in occupations necessary to produce, transport and distribute such non-essential commodities or provide such unnecessary service, who might and would, if there were not this effective call for their services, be employed either in production of food, of munitions or of other commodities essential to the nation's welfare or in necessary service to support the nation. In other words, all such waste is unpatriotic, which would be clearly seen did the actual nature of what takes place appear without the camouflage that one is merely spending his own money in his own way.

An accurate comprehension, therefore, of the true nature of the

forces operating would tend both to enable us to deal more effectually, because more intelligently, with the mobilization of our human resources and to make the people of the country, appreciating these things at their true value, recognize the desirability of such mobilization, and coöperate even beyond the requirements of law in bringing all possible resources, both in human resources directly and in the utilities which human resources produce, to the support of our government in its struggle to maintain the liberties of mankind.

### SELF OWNING TOWNS

BY LAWSON PURDY,

General Director, The Charity Organization Society of the City of New York City.

Great Britain has spent about \$700,000,000 housing workers in Great Britain.<sup>1</sup> I came near saying workmen, but it is not—it is housing men and women and families as well as single men and single women. See the effect on the physical appearance of the workers of what Great Britain has done, and beside that see the spirit in which it is done and the moral effect upon those men and women working in those towns of the fact that those towns are theirs, built not by a private enterprise for them but by the state for them; and probably after the war is over in Great Britain those towns are going to be considered self owning towns. They are not going to be sold to separate owners and spoiled, but probably turned over to such societies as those that have built Letchworth and Hampstead and made coöperative towns. Perhaps they will be turned over to the municipalities that now under the British Legislation have certain powers of constructing dwellings and maintaining them for the people who live within those towns.

Under the circumstances that now confront us the United States must pay a very large share of the cost of what we do here, and, should the war continue as long as we think it may, the \$50,000,000 that is now proposed to be spent by the Labor Department, and the \$50,000,000 to be spent by the Shipping Board I hope is only a begin-

<sup>1</sup> For what Great Britain has done see some of the articles in the *Journal of the American Institute of Architects*.



ning. The United States proposes, generally speaking, to pay at least three-quarters of the expense of these new towns. It asks that local capital be provided for the balance. The money that the United States puts in will in time be paid back in part or in whole—probably only in part, because of the excessive cost of constructing buildings during the war. After the war that excess cost must be written off, but the balance will in time be paid back to the United States. The plan so far is that private capitalists shall be restricted as to dividends, probably 5 per cent, and that there shall be no profit in this enterprise for private capitalists. If that program is followed how easy it will be for us to carry out the same plan that is in the minds of those who built these British towns—that the workers living in the town shall in time be in part the controlling power of the town. After the United States has received its money back, there will be a large revenue in excess of that which is required, and that revenue can be spent for the benefit of those who live in the town. In England these self owning towns are generally rather complicated affairs. Financially they work well. I do not say “complicated” as a criticism of the plans, for the plans have worked and that is the test. The men who live there do not own individual houses; they own shares in the corporation that owns the whole. Here some of us have thought that the simpler plan would be for a corporation to own the whole and all the people have an interest, merely because they lived there, and the excess rentals spent for their benefit. So long as they are there they are to have a voting power, but they are free to move away.

The old-fashioned idea has been that it was desirable, in order that labor might be content and remain, that the laborers should own their own houses. Labor unions have generally thought otherwise—that it was not best for men who had only their labor to sell to be nailed down to one spot, and especially was this so in a one-industry town. If conditions did not suit them they were less free to leave their employment and move elsewhere, but if they owned their own houses they would sacrifice their all if they lost their job.

We must find a course that will make men who work contented and free at the same time. That result can be accomplished where so long as they live in any community they own their share of that community. Some of the great corporations have done their best and planned as wisely as they knew to found communities in which

men should be contented, in which they should have all of the material advantages and some of the joys of life, and very beautiful communities have been planned by some of the great corporations, intending that the individual workers should own their own homes. In spite of all that is being done, and much money has been spent in that way, the aggregate result remains comparatively small. There is a reluctance upon the part of the wage-workers to buy their own homes. Generally speaking, the ownership of homes in these towns built by great corporations is confined to the more highly paid men.

When a town is built over night, as some of these towns have in effect been built, there is a very large increment that comes merely because of the establishment of the community. Generally, these corporations that established such towns have been afraid to enter further than they were obliged to into the real estate business. They have sold off land as rapidly as they could, sometimes under well-planned restrictions and sometimes without them. They have not acquired more land than was absolutely necessary for their own plant and a small addition for homes for the workers. They have not planned to conserve for themselves the value that they had themselves created. In that, perhaps, they have acted wisely because of the conditions under which they were obliged to operate. In doing so, however, they have sacrificed much. Take the town of Gary. There was a stretch of barren sand, waste land, worth less than \$100 an acre. It cost the Steel Corporation more than that, of course, because people gradually got to know that the Steel Corporation wanted the land, and inevitably they paid a good deal more. But even when they had paid the excessive price, due to the fact that they wanted a large tract of land, the amount they paid was very small indeed compared to the present value of the town of Gary. A careful computation has shown that at present the value of land alone in the town of Gary is \$22,000,000 in excess of all that it cost the Steel Corporation, and in excess of all that the land was worth that was not owned by the Steel Corporation, and in excess of all that has been spent upon it in the way of streets and town development, exclusive of houses. If that \$22,000,000 of value had been conserved, the town of Gary could have twice and more than twice its present revenue spent for the benefit of that community. As it is, this value, created by the going there of the Steel Corporation and its employees, is frittered away to many people, very few of whom have to any considerable extent profited by it.

The town of Letchworth, England, was planned to be a town of about 35,000 people. It is about ten years old, and today has a population of 13,500. It was planned in advance. It was so planned that the suburbs of it should be agricultural and remain agricultural. It was so planned that it should conserve the health, happiness and contentment of all the people who are to live in it. It has been so successful that about thirty different industries are now established there. All the people who live there have an interest in the town itself and the value of the town.

All this is within our reach here for the benefit of the United States in mobilizing labor to win this war, and if we do it wisely we will have a moral and a spiritual value for all time after the war that we cannot possibly compute. One of the dangers that men see, one of the financial dangers of building a new town by the United States for one industry, is that when the war is over that industry is gone, and all the money that has been spent on the town is wasted. If the town is made a place in which men will like to live that danger ceases to exist. Where there are skilled, intelligent and contented men ready to work, there industries will go, and no town planned along the lines, physically, financially and socially, as these towns may be planned, will lack for industries when the war is over, and no industry will lack for labor that is intelligent and steady. The cost of turnover of labor that there was before the war in many of our great plants was enormous. It was not uncommon that in order to keep 100 men employed 500 or 600 had to be hired during the year. Since the war began it is not unusual that to keep 100 men employed 200 or 300 must be hired every month. Labor cannot be 50 per cent efficient, nor probably 30 per cent efficient, under such conditions. That was so before the war because labor was not satisfied, because men were not suitably housed, because they did not have the environment that made them part of it, because they did not have a home, and a home is not only a house—a home is everything that is involved in the idea of a community, with all its vital social interests, with all its education, its amusements and its social environment. These things make for solidarity for a real community. With such communities after the war we will have little to fear of financial loss and we will have a gain that is beyond all power of imagination.

## THE HOUSING OF THE MOBILIZED POPULATION.

BY LAWRENCE VEILLER,

Secretary and Director, National Housing Association.

The question of the mobilization of the population in these war times and especially of the housing of that mobilized population has to be considered from two aspects: one, the effect on the cities, or communities to which the mobilized population go, and the other the effect on the cities from which they come. We also need to consider the question broadly from two other aspects: one, the housing of the fighting forces and, two, the housing of the industrial army.

## THE HOUSING OF SOLDIERS

In the housing of our soldiers, our new armies, we have been fortunate. This being America, we might very naturally have expected that the lessons that were forced upon us at such great cost in our little Spanish-American War some twenty years ago would have been forgotten, but they were not forgotten, and there have not been in this war the appalling great scandals of more soldiers dying in our camps from preventable disease than were actually killed in the war itself, which characterized our Spanish-American War. It is true that some new problems have developed, some new dangers, but with the watchful eyes of such men as General Gorgas and the skilled medical men of the country we have been able to prevent any very serious loss from unnecessary disease, and we have housed our new armies in a way, that, while not ideal and not beautiful, still on the whole is one that marks a distinct advance over the methods in vogue in our last war, or in vogue in most other countries.

The question of building cantonments and the housing of soldiers I may touch upon only briefly. These are some of the new lessons we have learned: first, that it is a mistake to *warehouse* the men—to house them by wholesale. It is a mistake even to try to put a whole company of 250 men in one building. We have found that the smaller the unit the better the results. The first plans contemplated putting 150 men in a barracks, then 200 in a barracks and then 250.

General Gorgas, last June, said he really wanted to house the men in huts, with three men in a hut, but the Quartermasters Department did not see its way clear to doing anything of that kind. The typical plans adopted today, and according to which the barracks are going to be built in the new cantonments, provide for 66 men in a barracks instead of 250. The original plans showed only 338 cubic feet of air space per man, a condition that was quite serious; thanks to the efforts of a few of us headed by General Gorgas and Dr. Welch and Dr. Vaughan and Dr. Martin, a change in the plans was forced through the coöperation of Secretary Baker, by which the men are now afforded the proper amount of cubic air space, namely over, 500 cubic feet per man, so that the danger of epidemics from such diseases as meningitis, tuberculosis and other diseases of the respiratory organs has been reduced to a minimum.

Another important thing in connection with the housing of the soldiers is the necessity for adequate ventilation, for quantities of moving air. We were discouraged to find at one stage of our discussion of the plans nearly a year ago, that while we had succeeded in getting those who were responsible for the plans to put in a lot of windows which were not there in the first drawings, most of these windows had been made impracticable because lockers had been constructed directly in front of them all across the dormitories, shutting off the air. We succeeded in having the lockers eliminated entirely. The men now hang their clothes on pegs near their cots. They are not supposed to bring more than one suit case with them and that goes under the cot. We find that system is working beautifully, and we do not have those little cubby holes of wood to encourage vermin and become a collecting place for all kinds of food. Incidentally the elimination of lockers has removed one of the temptations to breaches of discipline. The soldier is not allowed to take food to his bedroom, and this has always necessitated constant inspection of lockers.

#### THE HOUSING OF THE INDUSTRIAL ARMY

But the main problem giving the country concern is no longer the housing of its soldiers but the housing of the industrial army, and that is a problem that is fraught with very great difficulty. To the great mass of the people in this country prior to the war the word "housing" was unknown. It is now the subject of



frequent discussion by the people as well as the press. The housing of the industrial army in America has become an immediate and pressing problem because of the fact that we have suddenly created in places where there were no industries or only minor ones before, vast industries employing from 10,000 to 50,000 men. Again we have taken some small city of 30,000 or 40,000 population and have almost over night doubled its population by placing contracts in the factories in that town for the manufacture of munitions or war supplies of one kind or another. In addition to this localized and peculiar increase of population in those communities where there are war contracts, there has been, also, practically a cessation of ordinary building operations throughout the entire country; that is, the building of homes, which in normal times goes on at a definite rate has practically stopped, due to a variety of causes that I need not go into here, except to mention perhaps, the high price of money, the high price of labor, the high price of materials, the inability of getting building materials and the fear of depreciated values after the war—all of which have caused men to hesitate to build for speculative purposes.

It was this on-coming situation which dawned upon a number of people, a very limited number, last June, ten months ago, and which caused them to agitate this question of housing. The Council of National Defence held hearings, testimony was taken, and various commissions, one after another, were appointed at Washington and the matter was thoroughly gone into. Evidence was produced showing that war industries were slowing down their productive capacity from 30 per cent to 50 per cent, with all that that means in ability to win the war where speed is so vital. This was ten months ago, this slowing down of 30 per cent to 50 per cent because of lack of housing. This quotation is from the official report.

Those ten months have gone and we have not started yet. Public spirited men, "dollar a year" men, have been spending time in Washington, and with unspeakable patience have stayed there and worked and still they are without power in the matter. Legislation was introduced in Congress only this February, when it should have been introduced last fall or last spring when Congress was still in session, and that legislation is still being debated in Congress. The bill has been in Congress two months, and if this

problem had been taken up last June or last September all the houses would have been built today and the productive capacity of our great factories turning out munitions of war would have been doubled in most cases. Instead of working eight hours a day these factories would be working twenty-four hours.

Every industry producing munitions and ships ought to be a continuous industry during the life of the war. There is not a citizen who doubts that, and yet what has happened? The unlimited number of both skilled and unskilled laborers, brought into this country as foreigners, green to everything, unfamiliar with the language and not knowing what they could earn, were forced to take any job that was offered to them. Wages were relatively low and manufacturers could get all the labor they wanted, so that these men were often forced to live like animals. They were frequently put into bunk houses, four men to a room, in double deck bunks, with inadequate air space, and often with the beds working three shifts in twenty-four hours. The beds were actually kept warm all the time—the fellow who turned in turned the other fellow out.

But today with the labor supply shut off from the beginning of the war, through cessation of emigration; with the withdrawal of men because of the draft creating a great dearth of labor of all kinds, both skilled and unskilled; with the sudden demand for increased industrial output made necessary by the war, the labor supply became seriously depleted, and now we find not only the mechanic, but the unskilled laborer who knows his power, asserting his manhood and saying, "I am not going to live like an animal any more. I won't live in your bunk house. I won't sleep four men in a room. I won't sleep with three shifts using the same bed;" and he goes to another job. So it is not now merely a problem of attracting labor but that of holding it, and the whole country has been forced to consider the question of what we can do to stabilize the labor supply—not how can we attract the kind of labor we want by increased wages but how can we hold it permanent by decent living accommodations. The providing of improved housing and opportunity for proper domestic life seem to be the most important methods of doing it. Men are human whether there is a war or not, and they want life that is life; they want amusements; they want recreations; they will be better fighting men and better working men for all of those things. No human being in contact with the pulsing life of

this country can seriously question that. In discussing this question of industrial housing the other day it was advocated that it was just as necessary to provide a moving picture show as to put in the water supply system. Things of this kind are essential to hold labor.

Think of men laboring and using up every bit of energy, working at great speed and under a high tension, having to live the life of a sodden beast without family or home or comfortable living and with absolutely nothing to amuse them. Of course, that is unspeakable and its natural result is the I. W. W. We not only have to build houses of the right type, houses that have light and air and are sanitary and safe, but we also have to provide some of the amenities of life. We want garden villages; we want trees and grass and shrubs and we want leisure for the workers and amusements and recreation for them indoors and outdoors both. It will make them fitter for their jobs and we will be better able to supply our armies. These are cold hard facts.

Getting the desired legislation has been somewhat complicated, because, in order to allow the government not only to build houses but whole communities in some cases; in isolated places to build streets and sewers, water and lighting systems, moving picture shows, and schools and places of public amusement;—in order to do this new powers had to be conferred, which seemed a vast departure, and made Congress loath to grant the legislation in question. The houses are being built to win the war. Only on that basis is Congress thinking of appropriating \$110,000,000 and having the government go into the business of building houses. They would not for a moment have dreamed of considering favorably this project of the government's going into the housing business, which some of them term "state socialism," except as a means of winning the war.

One of the vital questions that has arisen is whether the houses should be built for temporary use or be permanent structures. Those who have studied the question know the advantages of permanent buildings. A permanent structure can be built almost as quickly and almost as cheaply as a temporary one.

Then the question came up of whether to house the workers or *warehouse* them—whether, for instance, we were to house each single man in a separate room or whether we should adopt the old-fashioned dormitory or barracks type with the men all in one big room;

or whether we should have private rooms with a single man in a room. The federal government in the new standards adopted as to how houses shall be built has set a high-water mark in that respect, which is going to be of value to the country for generations after the war is over. One of the interesting by-products of the war is the disappearance of the bunk house, the establishment of the right kind of hotels for single men and women, the declaration against the tenement house, and the preference for the small house as the normal domicile of the American working-man.

We hope that out of the situation will come the formulation of a national policy with regard to the housing of the working people of this country. The time has come when the people of this country should consider the question of a national policy for the housing of its workers. It is a great mistake to go on as in the past, housing people as animals, and with a sort of *laissez faire* policy that everything will come out all right. We have had too many concrete demonstrations of the fact that it does not come out all right, to let us be content with that sort of practice. So one of the things that is going to come out of this awakened interest in housing, because of dramatic war-time manifestations of its fundamental importance, is undoubtedly a wider recognition by the people of the whole United States of the fact that as are the homes of the people so is the citizenship of the country.

### THE MOBILIZATION OF WOMEN

BY MRS. NEVADA DAVIS HITCHCOCK,

Pennsylvania State Chairman, Home Economics, National League for Woman's Service.

Women responded all over the country when war was declared by President Wilson. Their patriotism was manifested in various ways. The desire to serve their country was shown by organizations already engaged in war work pledging renewed energy and extended fields of service. Such organizations are the Red Cross, Emergency Aid and Navy League. Women's clubs and associations all over the United States offered their services to President Wilson with such an avalanche of letters and telegrams that our President saw this was

no matter for one man to handle alone even if he were able to take care of the rest of the country. With his usual wisdom he turned the matter over to the Council of National Defense with the result that the Woman's Committee of the Council of National Defense was formed as a clearing house for women's activities all over the United States. The selection of a chairman for this great body was most fortunate because in Dr. Anna Howard Shaw they have a woman who not only understands organization, but one who stands as an ideal of democracy. She has not only the admiration of both men and women for her intellectual ability, but she also possesses their confidence in regard to common sense and good judgment.

As has been said, the Woman's Committee of the Council of National Defense is intended to be a clearing house between women's clubs and organizations and the United States government. The object is twofold—first, to give out patriotic inspiration, second, to furnish educational assistance. In order to accomplish this a number of departments have been formed. The work is carried on by state divisions which in turn work through county committees. Each county committee has ten departments with a director in charge. The scope of these embraces registration, food production, food conservation, women in industry, child welfare, maintenance of social agencies, education, liberty loan, foreign relief, and the safeguarding of moral and spiritual forces. Under the department of registration a system has been established by which it is expected to have listed and entered in a cross-indexed file the name, address and qualifications of every woman in the country. If a woman is already employed there is no intention of disturbing her, but should she be desirous of obtaining a position either volunteer or salaried, the Registration Department will try to find a suitable niche where her special qualifications will be used to the greatest possible advantage.

The departments of food production and food conservation are most important. Under food production we have the land army units which have become so great in number that they require study as a separate division. The work done under food conservation also is in a class by itself and will be touched upon later. The Council of National Defense recognizes that child welfare needs special attention at this crucial period in our history. At this time women are going into industry, because they must take the place of men who



are in the trenches. Family life is more or less disorganized. Children are in danger of becoming weak morally and physically; morally because they are allowed to run the streets, and to take care of themselves to a greater degree; physically because their mothers are unable to secure and prepare the proper food owing to the necessity of working away from home and the increased cost of living. Child welfare and women in industry are insolubly linked.

Under women in industry the relations between employer and employe are studied and often adjusted by the Woman's Committee through women's associations which aid in securing proper sanitary conditions, equal wages for equal work and the protection of women against unwise zeal and enthusiasm of taking positions where they are not yet needed. The other departments have been carried on with equal zeal and enthusiasm by the committee.

The National League for Woman's Service stands in a position by itself. It had just been formed when war was declared by our President. As an outgrowth of the work of the National Patriotic Relief Committee during the Mexican crisis a plan was formed for the mobilization of the woman force of this country and Miss Grace Parker was sent to England to see what the women were doing over there. She found that in munition plants alone over a million and a half girls and women were employed. They also take the places of men as porters, conductors, letter carriers, street sweepers, telegraph messengers, lamp lighters, chimney sweeps, clerks in grocery shops, carpenters, cab drivers, window cleaners, etc.; they are, in fact, in every department of industry.

Miss Parker learned from English women that the great handicap of many thousands of women for nursing, industrial, social and welfare work was lack of training and experience. To meet this need women's organizations were formed in England with such success that Miss Parker returned to America with a plan for mobilization of American women based on the English women's organizations. At the invitation of the National Security League this plan was presented in Washington at the Congress of Constructive Patriotism on January 26, before one thousand delegates from all over the United States. It met with instant approval and the National League for Woman's Service was organized by the delegates present with Miss Maud Wetmore as Temporary National Chairman. Service and training are the keynotes to the work of the National

League. In time of war the object is to supplement the work of the Red Cross, the army and the navy, and to deal with questions of women's work and welfare. The outline of organization in each state consists of a state executive committee and county committees similar to that of the Woman's Committee of National Defense. The work is carried on through state divisions for service training along the following lines: social and welfare work, home economics, agriculture, industry, medicine and nursing, motor driving, general service, health and overseas relief.

Under the social and welfare work comes the canteens; emergency, temporary and permanent. The military canteen fills a great need. Many things are accomplished that supplement the care of the government for our men. The morale of a camp may be improved by the application of cake and ice-cream oftener than the commanders realize. Under general service comes training as stenographers, file clerks, record clerks, telegraph operators, telephone switch-board operators, signalling, map reading and wireless. The work of the league may be divided into two groups, volunteer and professional. The volunteer group is divided again into two groups, specialized and general service. To do specialized work one must be well qualified, as the league accepts no woman for specialized service who is not efficiently trained. Under general service there is a vast amount of work which any woman may do who desires service and understands the needs of others. In agriculture the National League has not only formed many land army units, but also has helped to establish training schools or farms where women receive free training in agricultural pursuits. Service houses are a part of the league activities that require special mention. These houses are, as their name implies, for service in that part of the community in which they are placed. They offer training along the lines enumerated above and are open for day and night classes. Philadelphia has four service houses.

The motor division is a most important one. Only women who have good hearts and good eyes are permitted to enter. They must be excellent drivers and be able to get under their cars and make their own repairs. The splendid work of the Motor Corps in New York has a wide reputation. Philadelphia has a Motor Messenger Corps which is an independent body and not connected with either the League or Council of Defense.

Americanization of the immigrant women is also part of the work done by the National League for Service. It is impossible to have a unity of American ideals when we have so many foreign born women who cannot speak English.

Women have been turning their attention to agriculture for some years. It needed, however, the stress for further food productions to mobilize them. As a result of work done by English and Canadian women we have the Women's Land Army of America. In England the daughters of practically every county family in the United Kingdom have taken up work on their own farm lands side by side with the village agricultural laborers. Titled women, formerly well known in the hunting field and in the world of sport, work in the dairy farms and in the stables. In many cases women of delicate health who have taken up work on the land have been thereby restored to health. In this country the work of the Women's Land Army was started by voluntary organizations, among which were the National Land Council and the Women's National Land Service Corps. When later the Board of Agriculture took over the work and drew up an elaborate scheme of organization consisting of war agricultural committees in every county and of women's agricultural committees, these organizations were united under the women's branch of the Food Production Department of the board. The women who volunteer for this service bind themselves to go where the board sends them during the period of the war. In return for their service they receive one free outfit, free training with maintenance for a period of not more than three weeks, maintenance between periods of employment not exceeding four weeks, and a wage of 18 cents per week or the standard wage of the district where they work, whichever is the higher. Miss Helen Fraser gives the numbers of this Land Army as "over 258,300 whole and part time workers."

The reluctance of the farmers to employ women was a serious obstacle to their introduction in large numbers on the land, and available openings were at first limited. And it is a satisfactory feature of the work of the Women's Land Army that farmers who in the beginning were strongly opposed to the employment of women have in many cases become converts, owing to the success of the women as agricultural workers. The unit plan of organizations has been adopted in most places. The essence of this is that the women workers live in a community, under a captain or supervisor,

with a system of coöperative housekeeping, and go out from this center in squads to work on neighboring farms or estates. This relieves the farmer's wife of the burden of feeding the extra laborers.

One of the organizations which is doing wonderful work in extended fields is the Y. M. C. A., with its hostess houses and social work at military camps. It is a link between the soldier and his family and a protection to both girls and boys. The Home Service Department of the Red Cross, the mother's clubs of the army and navy all are well known and are doing a splendid service in looking after the families of soldiers and sailors as well as providing surgical dressings and knitted goods. The General Federation of Women's Clubs has taken up a distinct work in establishing hostess houses in the south of France where our American soldiers can go for rest, recreation and comfort when they have a furlough from the front. Every women's club was asked to subscribe a dollar for each member. There is no doubt but that many will do more than that, for women realize the vital need of such places if we are to have our boys come back to us healthy and sane.

Some independent organizations are worthy of mention, such as that in a southern state where the women who went through the Civil War have formed a unit called the Girls of Sixty-one. These women, most of them near the eighty mark in years, go out to the camps and mend, sew and darn for the boys who are far from home. Some of the boys come from Washington and Oregon. They are devoted to these belles of the Civil War.

The unnoticed mobilization of one great class of American women has been of inestimable value, that of the teachers in our public schools. Few other women have been called upon to do the work laid before this body of instructors who have given daily devotion to the cause. Every truth, every effort intended to reach the public has been with one accord turned over to them. When a drive has been contemplated, without exception some one says, "Oh, the way to reach people is through our schools," and immediately the work is turned over to them. The teachers vie in popularity in the minds of certain leaders, with women's clubs. Enough work is heaped upon the active members of women's clubs to keep them busy twenty-four hours a day. The same thing is true of our teachers. In the elementary grades we have had food conservation, thrift stamps, war savings stamps, liberty loans, war gardens, and

junior Red Cross (a chapter in each class, knitting squares for blankets). The sewing classes have been making garments for Belgians; Camp Fire Girls and Girl Scouts are supervised; Red Cross units are formed in the High and Normal Schools;—canning and dehydration are taught in the domestic science sections. During the third liberty loan drive each school in Philadelphia had its quota, being \$1,500 for each class. In one building the entire quota was \$57,000. This school raised \$200,000. Is it any wonder that one teacher said, "That week I taught a little arithmetic, a bit of physiology, some spelling and a great deal of patriotism." Yet the teachers must cover the course of prescribed studies and do all this extra work without fame, honor or extra pay. The laborer is worthy of his hire even in war time and I make a plea that this fine body of women get at least justice in that line.

In looking over the mobilization of women in war time one must not forget that great line of defense, the women who keep the home fires burning. They do not follow the flag and fife, they have no public honor or applause, but a wonderful mobilization has taken place, the silent mobilization of the housewife, (one may add this does not mean the mobilization of silent housewives). The first step was the signing of the food cards pledging allegiance to Mr. Hoover. Millions of these cards were signed. More than 350,000 were turned in, in Philadelphia alone, and over 700,000 in the state of Pennsylvania. This mobilization includes the women who have the right to wear service pins and show service flags. I would not suggest in any way that the men of this country are not suffering keenly because their sons are away. But I do believe that women have a clearer visualization and keener imagination of what their boys are going through, and I know that the woman shut within four walls does not have the things that will help distract her mind and keep her from worrying that the man does who goes out of his home each day and for that reason I wish to emphasize the wonderful courage of women who are expecting either a telegram or cablegram every time the door bell rings. With wonderful courage they are keeping their homes, helping with Red Cross and food conservation, knitting, sewing, making bandages—writing to the boys, and above all showing a spirit of comradeship to other mothers and home-makers that marks neither caste nor station. The work they do is none the less efficient because they have neither captains



nor directors. They are the great rank and file held together by the bond of love for children and country.

There has been of course some duplication, some overlapping of lines of work by the different organizations, but the amount of work to be done and the need of workers is so great, that any duplication of effort is far outweighed by the service rendered. The lasting results of this mobilization will lay the foundation for future co-operation along the line of true democracy. Women of all creeds and beliefs, nationalities and classes, have learned to work side by side and shoulder to shoulder with the same inspiration in heart and mind. The one great outstanding fact already apparent is that all classes, rich and poor, trained and untrained, are learning the sublime value of work. The call of patriotism has brought forward the woman who did not know that there was any need for her to work, the woman who did not know she could work, and lastly the woman who considered herself in the favored class exempt from work, whether there is any need of it or not. When the war is over and the mobilization will be no longer needed, the habit of service and the respect for work will have become so firmly fixed in the minds of American women that none of them will be willing to be idle drifters untrained and undirected, or parasites upon the public body. The American woman will never surrender the habit of service to her country.

## AMERICAN IDEALISM IN THE WAR

BY HON. JOSEPH I. FRANCE,

Member of Committee on Conservation of National Resources  
United States Senate.

Victor Hugo's old republican, one of the great characters of fiction, as he sat dying, paused in his impassioned utterances and, with a strange, new calmness, said to his Bishop:

"Yes, the brutalities of progress are called revolutions but, when they are over, this fact is recognized: the human race has been chastised but it has advanced."

Thus he carried the last and innermost intrenchments of the Bishop who in turn replied:

"But Progress must believe in God;" and then these two great souls, high, fine conceptions of a master mind, met, touched and at last they were agreed. If this present tremendous process of mutation in the world's affairs may not be properly called a revolution, yet we must have the faith and vision to perceive that it is but one of those vast and violent stages of evolution through which the race moves on resistlessly toward better conditions and to higher stages of physical, moral and social development. We must realize that we are living in an unprecedented period of political and social nascency. We must believe that within the huge and fateful alembic of this war there are taking place elemental changes in the structure of our civilization which mark the everlasting finality of much which must no longer be in the established social orders of the world, and that at the last, there will come forth that new, more highly coöperative and efficient democracy which shall more closely approximate that ideal of government of which the statesmen and the seers of every age have dreamed and for which so many sacrifices, through all the centuries, by earth's devoted martyrs have been made.

First, pioneers in the vast isolations of the bleak shores and pathless wildernesses of a discovered continent; then colonies expanding over the silent wastes, hand touching hand; next a confederation, hands clasped in fellowship, mutually sacrificing, coöperating

for liberty; then a federation of sovereign states, with liberty achieved and secured, slowly cementing into a more nearly perfect union; and now, at last, the long awaited consummation of the plan, the true and final integration of these states into that mighty nation which, with her full found and invincible powers, now so valiantly puts on her armor and assumes this weighty responsibility for the welfare of the world; may this be our national evolution.

Scholars and members of these great academies, officials of states and nation, men in the armies, men and women in all our industries and at home, must catch a vision of this process and of this plan and strike strong, unceasing, shaping, fabricating blows in order that in these fires America may be welded into that new and more nearly perfect symmetry and unity which will assure to each and to all the utmost safety and the highest liberty. We must call not alone the army but the nation to this task. Let us away with the false doctrine that inefficiency means liberty. Avoidable sickness and illiteracy know not the boundaries of states and locally allowed they place the whole in peril. The bacilli, the cocci, the spirochetæ, the parasites of communicable disease have not yet generally profited by their courses in constitutional law nor do they make all of the fine distinctions of state and federal sovereignty. The hour has come for us to smite from the men of the nation the heavy burdening shackles of preventable illiteracy, injury and disease which have for too long bound them. Let us learn to think greatly and to act nationally as we now face permanent and uncomputed international responsibilities. It is now time for us to blend and merge our individualism into a great common, national purpose.

In America the new temple of liberty is not yet builded but it is building and it is for us, for each living American, an hour of opportunity and of destiny in which we all must rededicate ourselves unreserved to sacrifice, to toil and to unwearying service until the nobler and more lofty fane is fully complete.

## MILITARY HEALTH DEPENDENT ON CIVIL HEALTH

BY J. C. PERRY, M.D.,

Assistant Surgeon-General, U. S. Public Health Service.

This article is limited to a discussion of the close relation between the health of the civil community and that in the military camps adjacent, as well as that in industrial centers in its relation to military productiveness. As the health and the resultant efficiency of our military forces are closely related to the health of our population as a whole, it becomes pertinent to show this intimate correlation between the two, both in its immediate and remote effects, and a brief consideration of remedial measures, both of a preventive and curative nature, is warranted.

Questions that naturally arise are what will be the effect on the national health as a result of the large number of doctors that will be required for military service, and will this drain leave insufficient aid for the care of the sick in the different communities. In answer it can be stated that due care is being exercised by the authorities in calling the medical reserve officers to active duty, in order that a sufficient number will be left in each community to care for the sick and maintain the national health at a satisfactory standard. Many doctors suffering from minor physical disabilities, sufficient to debar them from the strenuous life of a military officer, and others, will be left to provide this care and their work will be as patriotic as that performed by their more fortunate confrères. There would seem to be no need for alarm on this score because if 22,000 are called to active military service the number will be only about 15 per cent of the total number of physicians in the country.

However, the war and the consequent activities have brought about radical changes, especially in the industrial centers, that require a more active prosecution of preventive measures for maintenance of health, and the burden thrown on the health department and physicians of certain communities will tax the available medical force to the utmost. In this connection, it may be pointed out that many of our trained sanitarians have joined the colors, and as the science of public health is young and it has been only in recent years that proper study and attention have been given this subject, many

of the trained workers in this activity are of an age that subject them to call for military duty and, consequently, it is probable that there may be an insufficient personnel in this particular phase of the health problem until the gap can be filled with female physicians trained in public health work.

National health as a factor in national efficiency can be properly considered both in its immediate and remote relation. Under immediate there are embraced:

1. The health in civil communities in relation to the troops in adjacent camps and cantonments.
2. The health in crowded industrial centers as a factor in national efficiency.
3. The safeguarding of the health of workers in the war industrial plants.

#### COMMUNITY HEALTH vs. HEALTH IN CAMPS

The protection of the soldiers from diseases in the civil communities deserves first consideration as its importance is paramount. The efficiency of a body of troops is largely dependent on the health of its individual members and a large sick list from preventable diseases is a reflection on the sanitary condition of the camp's environment, either within the camp or in the extra-cantonment area. The soldier deserves relaxation and entertainment but the place in which he seeks amusement must be in such a satisfactory sanitary condition that his pleasure will be free from a menace to his health.

Owing to the exigencies of war requiring a large number of trained soldiers with the least possible delay, camps and cantonments were rapidly erected throughout the country and filled with men before it was possible, in many instances, to sanitize thoroughly the adjacent towns and villages which would be visited by the men when on leave. This created at once a health problem of national importance and one of intimate bearing on national efficiency. In most of these places the local health organization was unable to cope with the situation because of insufficient funds and lack of personnel, and as the necessities arose on account of national activities it was proper that federal aid should be extended through the U. S. Public Health Service.

Realizing that an improvement in sanitary conditions was essential for the national health and that the occurrence of disease



in these areas might result in impairing national efficiency in a most vital spot, that service has practically taken over sanitation around thirty-six camps and cantonments and two large government industrial plants. This action has been to assist, supplement, and develop the local health agencies, assuming direction of activities when requested, in order to establish a live and adequate health organization in the different extra-cantonment areas, so that all necessary sanitary work could be executed and maintained, not only for the protection of the civil population but especially to safeguard that of the soldiers by making the places they visit for amusement safe, in so far as concerns their health.

#### MEASURES TAKEN TO INSURE THE PUBLIC HEALTH

As the health of the nation is dependent on the health prevailing in the different units that comprise the total, and as the activities executed in specific areas affect the whole in this respect and have an important bearing on national efficiency, a brief enumeration of the measures being carried out to conserve the public health in these strategic centers may be permissible, because the results accomplished have an important bearing not only on the national health but also on national efficiency in protecting the health of our fighting forces.

Particular attention is directed to the report and control of communicable diseases; the prevention and control of venereal diseases; and the active prosecution of anti-malarial measures.

It seems proper to point out that the successful prosecution of the activities mentioned constitute the important measures for maintaining health in the civil communities to a standard that will minimize the danger of lessened efficiency in our military and industrial armies. This is especially true as regards social diseases, and now that the veil of secrecy has been lifted a mention of this subject is permissible. No other diseases so impair the efficiency of a fighting force as this infection. The control of social diseases is of paramount importance to the military establishment as they are the greatest cause of disability in the army. A solution of this problem is difficult, and sanitarians and social workers approach it from different angles, but the curse of this infection is so far-reaching in its effects, that the ablest thinkers in many walks of life have become aroused to the necessity for a more active prosecution of measures

for the control of these diseases. For immediate results it would seem that the enforcement of prophylactic and curative measures would yield the most benefit, and this is what is being done in the extra-cantonment zones, but the education of the young in sex matters and an appeal to their moral forces will probably be the final solution of this problem.

Of the directly communicable diseases, mention will be made only of cerebro-spinal meningitis as it is often a dread of camp life, and the results in its control have been so good that this fact is worthy of mention. Outbreaks have occurred in areas adjacent to cantonments but energetic measures have been executed immediately so that the disease has been promptly suppressed and little danger has resulted to the health of the military forces.

The danger of malarial infection at a number of camps and cantonments in the South constituted at one time a health problem of some magnitude, but intense anti-malarial measures have been instituted and are being so successfully prosecuted that it is believed that this danger will be obviated. Of course, it can be readily understood that the measures being carried out in these areas protect the health of the civil population as well as that of the military forces, and with this resultant diminution of disease in the extra-cantonment areas, the health and efficiency of the soldiers are still further safeguarded.

#### TREATMENT OF DISEASE IN INDUSTRIAL CENTERS

Another important phase of the national health problem and one that is intimately related to our national efficiency at this time is the prevention of the occurrence and spread of disease in the crowded industrial centers, for a condition has been brought about by war activities that must receive remedial attention if our maximum efficiency is to be kept up. It is as vital to maintain the health of our army of workers as it is that of our military forces, because the successful prosecution of the war is directly dependent upon the output of labor and every means must be exercised to maintain the health of these workers to the highest standard of efficiency.

There has been created such a demand for laborers in the various factories engaged in producing articles essential for our military activities that the population in these industrial centers has more than doubled, and the housing accommodations have not kept pace with the increase in the number that must have living quarters

The result has been a marked overcrowding and a creation of unsanitary conditions that is conducive to sickness and a lowering of the general efficiency of these workers. This is apart from health hazards due to occupation, which will receive consideration later.

The housing problem has become acute in many places and it is difficult to formulate feasible plans for its solution on account of the difficulty of securing, shipping, and erecting into dwellings the necessary materials at a time when the railroads are required for the purpose of transporting freight intimately connected with war activities and when laborers are demanded for work in the war industrial plants. Houses that provide homes for the normal population must now shelter three times as many, and this large increase in the population has thrown an extra strain on what at times is an already inadequate health department. In many places the community's public health service has not enlarged to meet the rapidly expanding needs. This density of population, together with the shifting of workers from place to place in search of high wages creates a condition that is ripe for the dissemination of disease.

At any time the least undue prevalence of disease is a serious matter, but now when our successful prosecution of the war depends upon the efficiency of this army of workers behind the lines it becomes imperative that every individual laborer should be guarded against the occurrence of any illness that would impair his capacity for labor and prevent a maximum result from his efforts. This phase of the national health problem is not fanciful but real, and is one that is fraught with danger. In many of these industrial centers there is such congestion that the laborers who have families are forced to live under crowded and insanitary conditions and it is here that the danger exists. The sanitary condition in the factory may be excellent but the worker is thus safeguarded only one-third of his time and the conditions under which he is forced to live do not prevent him from acquiring infection in his home environment.

This problem has already engaged the attention of our captains of industry as well as public health officials generally, and the crying need for enlargement, concentration, and coördination of effort has been foreseen in a request for a sanitary reserve corps of the U. S. Public Health Service. This need for an enlarged sanitary corps to meet the conditions brought about by our war activities is apparent to all who have given this phase of the health problem serious consideration.

## HEALTH OF WORKERS IN WAR INDUSTRIES

A third division of this problem is the protection of the health of those employed in the war industrial plants. Since the commencement of the war and especially since the entrance of the United States into the conflict numerous new and enlarged industrial plants have sprung into existence as an essential part of the "Win-the-War" program, and the maintenance of a maximum output of war materials is so vital to our success that the preservation of the health of the employes in these factories must receive the most earnest consideration. At no time has the efficiency of labor been of such paramount importance, for the national necessity demands that these war industries maintain the highest degree of production and that industrial labor be kept at a maximum degree of efficiency as an essential for the prosecution of the war to a successful termination. Therefore, our results will depend on the energy and good health of these workers, and every effort should be made and every means should be applied to safeguard them against disease or injury. Continuous good health is necessary for a continuous maximum production.

The conditions surrounding war industries often involve health hazards and these are not confined only to the manufacture of munitions and explosives but occur also in the allied industries that produce other war material. Furthermore, in an effort to maintain the maximum output or to increase one's earnings on account of the high wages paid there often results overfatigue, which defeats the object sought to be accomplished by overexertion or overtime.

It is not necessary to enter into an extended discussion of industrial hygiene, even if space would permit, to show the necessity for the medical care of these employes and the supervision of the sanitary conditions under which they work as an important determining factor in national efficiency. This subject is a health problem of national importance and calls for more intensive study in order to determine more clearly the causative factors of these diseases so that proper remedial or preventive measures may be employed. Investigations and studies of this character, as well as the supervision of the health of industrial workers, would seem to be a function of the federal government. Studies on overfatigue and health hazards of those employed in factories manufacturing munitions and explosives have been carried out, and it is believed that a useful

extension of federal activities would be an active coöperation with state and local health authorities as a coördinating and unifying agency in the adoption of standard measures for the protection of industrial workers, as the health of this class of laborers is a national asset and our efficiency is directly related to the standard at which it is maintained.

This discussion could be extended to include workers in other lines of activities, in all of which their health is a measure of their efficiency, but this does not seem necessary. However, our railroads and ships and their efficient operation are so vital to a successful prosecution of the war that the health of workers engaged therein becomes at once a matter of greatest importance.

#### HEALTH OF SCHOOL CHILDREN

While this has been little more than a brief outline of the health problem in its immediate relation to national efficiency, it is believed that sufficient has been said to point out the salient features in this respect, and mention will now be made of a more remote factor in relation to national health in determining efficiency. This is school hygiene. The active prosecution of school hygiene is an activity of great value and, as in times of stress the safety of a country depends essentially on its man power, it becomes obvious that any measure that will conserve that power deserves careful attention. The large number of rejections in the selective draft shows forcibly the need for more extended supervision of the health of school children, as a great number of the defects causing rejection had their origin during the period of growth and development.

The existence of large numbers of preventable defects among school children has been shown by intensive investigations of school hygiene. The prevention of these defects is especially important in rural communities, because these children, under existing conditions, cannot receive the attention of specialists that are available for the children in city schools. Furthermore, they are not as efficiently protected as a group by health laws as in cities and are therefore adversely affected to a greater degree by diseases that lower vital resistance and interfere with proper physical and mental development. When those suffering from defects grow up to manhood they often do not reach the proper health standard to be able to render a maximum efficiency to their country.



## PHYSICIANS AS A FACTOR IN NATIONAL EFFICIENCY

BY ENNION G. WILLIAMS, M.D.,

Health Commissioner of Virginia.

When war seems a distant improbability, we are wont to reckon our man power in terms of our total population. But when war is upon us we can speak with safety at a given moment only in terms of trained, available population. We are forced to divide our men according to age, physical fitness, intelligence, and economic status, and then to subdivide them again and again according to previous occupation and fitness for particular branches of service. Such a classification, however, cannot be regarded as permanent for the duration of any war. The changing conditions of combat call for changed training and for new proficiency in unforeseen directions. No one, for instance, anticipated in 1914 that infantry battalions would rely upon other weapons than rifle, bayonet, and machine-gun; yet today we assume infantry organization that includes not only riflemen and machine-gunners but grenadiers and rifle-grenadiers. We have even gone beyond this and, in every belligerent country, have organized specific "shock-troops," whose duty it is to storm positions and to hold them for the less perfectly trained "troops of occupation."

## INCREASING NEED OF PHYSICIANS

The medical service has shared in this specialization in war for two reasons that will instantly be apparent. In the first place, the scope and possibilities of what we broadly style "medical" service has increased vastly since the last great war. More duties can be performed; more men and more technically trained men are needed for them. In the second place, the size of armies and the immense casualties under modern conditions of war have created an increased demand for surgeons and for physicians. Perhaps we can see this factor in its true perspective when we recall that the total casualties in the French army alone since August 1914, exceeded the gross enlistments in the federal armies during the war between the states.

It goes without saying that a patriotic nation will meet the call for physicians in precisely the same spirit that it meets the call for

men to take places in the ranks. In no spirit of flamboyant ostentation but with a decision suited to the immensity of the issue, the American public is willing to give the last physician from the last hospital, if need be, rather than that our soldiery should suffer for lack of medical attention. Nevertheless, now that war is a question of industrial, not less than of military organizations—a clash of nations not less than of armies—this, likewise, is a truism: If the health of the military population is a sanitary problem, then the health of the civil population is almost in like proportion a military problem. Neither can be neglected, except at the prejudice of the other.

We find conditions about what we would have reason to expect in the premises. Approximately 20 per cent of the physicians and surgeons of America are now devoting themselves exclusively to 2 per cent of the population—the men under arms. In consequence, the civil population dependent upon the attention of the average doctor is larger than it has been in many years. Before the war there was in America an average of one physician for every 900 people; today, there is scarcely one for every 1,100 people. Even these figures do not adequately define our problem. Those who have been accepted and have left private practice are, in the main, the most active, the most capable, and professionally the best qualified. To read the roster of the medical reserve corps is to open the scroll of medical fame in the United States. Furthermore, we must remember that the effects of the withdrawal of 20 per cent of our physicians, the best and the ablest, vary much in the different parts of the union. In the cities, the loss has not been a serious matter thus far—probably because, in part, the cities were professionally oversupplied and certainly, in part, because where the area of practice is small, a physician can multiply his service by a relatively short extension of his working-time. In rural districts, on the other hand, the removal of a single physician often puts upon those who remain a duty the performance of which is rendered sometimes impossible by the mere factors of time and of distance. I can cite communities where, already, sick persons go for days without medical attention because no physician is available. And we are merely at the beginning of the war, when the forces under arms are probably not a third what they must be before a decision is reached.

Medical service is a commodity. As such, when its lack creates

a sanitary and military problem, we naturally look for a solution to the laws of supply and demand. In so doing, you will of course observe, we are merely illustrating how largely these and all other sanitary questions are economic.

Is it practicable to increase the supply of physicians—that is the nearer horn of the dilemma. To do this we should have to employ one or more of these expedients, namely, to increase the number of medical students and to speed up their education, or to relax the requirements for the practice of medicine. Upon the last-named expedient it is manifestly unnecessary to dwell: it is better to endure a shortage than to produce an unsatisfactory supply, and as a good physician is always needed to repair the damage a poor physician does, we shall be creating a new problem without solving the present one if we open the doors to quacks and ill-qualified doctors. What we can do in the direction of increasing the supply, therefore, resolves itself largely into what we can do in increasing the number of medical students and in expediting their training. Here, again, we are confronted with very manifest obstacles. The men who would make the most desirable medical students are, in the main, of draft age and many of them have already volunteered for service. Our supply of raw material, so to speak, is almost as scarce as our supply of the finished product to say nothing of the fact that four years must elapse before even the college graduate can be made into a practitioner of medicine. Furthermore, you will recall that this shortage comes just at the time when so many of the medical colleges are putting into effect the newer entrance requirements which at once reduce the number of men who can study medicine and place those men the more surely within the draft age. Scarcely more hopeful is the prospect of speeding up medical education. We cannot, of course, permit any reduction in the total time devoted to medical education; our only hope lies in compressing the necessary months of study into a briefer time on the calendar. This can only be accomplished by eliminating the vacations in our medical colleges during the next few years, giving in three years the same training now spread over four. Despite obvious objections to such a policy, it seems to me wise, if not imperative at this time, and I am surprised to note that positive progress in this direction has not been made by the medical schools of the country.

It may seem to some that it is futile to dwell at all upon any possible increase in the supply of physicians where the necessary education is so long. I would only remind them, in passing, that we know every month of war will bring new demands for physicians and we have absolutely no means of ascertaining how long this drain will continue. If the war department is making all its plans on the basis of a five-year war, it behooves the medical profession to do likewise. More than this, we must reckon upon these three facts: That the tide of physicians had begun to turn before the war; that the number of men in the medical schools was scarcely as great as the number of men in the twilight of their practice; and that many who have gone into the medical reserve corps will remain there of their own choice, in the new, larger army that America must maintain for years after the war. Still others will have to continue, long after the conclusion of hostilities, to provide for the wounded and to supervise the great work of reconstruction. Altogether, the outlook is serious enough to justify a careful consideration of what we must do to meet a shortage of physicians that will not pass with the war.

#### MEDICAL EDUCATION OF THE LAITY

If we cannot, then, appreciably increase the supply of physicians to take the place of the 20 per cent who are now devoting themselves to 2 per cent of the population, our only alternative is to reduce the demand. Here we are on sure and fruitful ground, for we know that by the prevention of disease the need for physicians can be reduced. Reaching this conclusion, logically and by elimination, our task is really to apply in war times what we have learned in times of peace. We cannot expect to teach America's industrial army of 10,000,000 how to set fractures, but we can teach many of them how to prevent the accidents that cause fractures.

We cannot train the laity to give surgical treatment to septic cases, but is it too much to hope to train them to give proper first aid to the cases that, if neglected, would require the operative procedure of a surgeon? We cannot train every housewife to treat typhoid fever, but we surely can show her how to prevent it. We cannot make every employer of labor an ambulance surgeon, but in a day when efficiency is at a premium, may we not hope to show him how better working conditions will keep his men fit? In short, as we

educate the people we can reduce the conditions that call for medical and surgical attention; as we do this, we reduce the demand for professional men and, in very large measure, offset the shortage of physicians.

Space permits me to mention only four of the many methods that will occur to all for the application of popular education to offset the shortage of physicians. The first is through the organization of First Aid classes in connection with the existing Red Cross societies, the Boy Scouts, the Y. M. C. A's, and the Y. W. C. A's. Regarding this, of course, there has been much sentimentality, which it is our duty to repress. We must discourage the view that the young girl who spends a few afternoons in listening to lectures and demonstrations on bandaging is qualified to do Red Cross service and is to be called, like another Florence Nightingale, to lighten the lazarettos of some Stamboul on the Aisne. At the same time, we must remember that whenever, by instruction in first aid, we can make unnecessary the visit of a physician, we have helped to overcome the shortage and have given a busy man an hour to devote to someone who really needs his attention.

In the second place, I bespeak the cause of popular education in the prevention of the common ills of the household. When all is said, most of these are simple, easily diagnosed, and almost as easily treated. Heaven forbid that we should turn every home into a drug-store and make an herb-doctor of every mother. Nevertheless, if the mother can treat and cure the stomachache for which otherwise she would call a physician to the tortured victim of green apples, we have saved the physician time, the community service, and the mother money. All three, at this juncture, are decidedly worth saving. We shall do well to discourage the mediæval view of medicine, fostered by the grasping and ignorant—that ours is a "mystery," a "black art," mastered in solitary meditation and after years of effort. We dignify, not discredit, medicine, when we assign to it tasks worth doing and relieve it of work others can perform.

Thirdly, I commend most heartily every effort that can be made at this time toward the reduction of occupational disease and accidents by improved conditions of factory labor. It would be foolish for me to enlarge upon the importance of all this to a nation engaged in war industry. As we save labor by this, so we save the time of physicians and consequently decrease the demand.



## PREVENTION OF DISEASE BY THE LAITY

I come finally to what is most obvious and, withal, most vital, namely, relieving the shortage of physicians by preventing those diseases which experience has shown are easily prevented by any intelligent layman. The discoveries of the last generation have meant as much to the civil population in war time as to the armies in the field. Perhaps we can safely say these discoveries have meant more to civil life, for here we can control certain conditions that are beyond control in open campaigning. Particularly is this the case with the diseases of southern climates—the insect and filth-borne diseases, as malaria, yellow fever, typhoid fever, infection from hookworm and other intestinal parasites. These are among the most prevalent diseases in the South, and in many sections constitute a large part of a doctor's practice. They have acted like a blight upon some of the richest agricultural sections of our country, causing the land to become unproductive and many of the inhabitants to become the victims of that vicious circle of sickness, poverty and ignorance. In very recent years the causes of these diseases have been discovered and methods found to prevent them.

We are awakening slowly but surely to the possibilities presented through this new-found knowledge. The health departments are all being reorganized to meet the new conditions. Where formerly appropriations for health work were in the thousands, now they are in the tens of thousands and hundreds of thousands. The experience of these departments in the short time of their existence has justified the faith in prevention. Yellow fever, that until very recently periodically invaded our shores and demoralized business, even so far north as Philadelphia, has been conquered and is now no longer feared. Malaria, that depresses the value of many a fertile community, is becoming steadily less. It will surely be driven out just as soon as the people are willing to pay the price. There is no doubt about this possibility; the question now becomes one of economic practicability. In a community in Virginia in the summer of 1915, several persons died of a malignant type of malaria, and investigation showed that every inhabitant but one had had chills that summer. In the summer following in a local campaign of prevention, there were not only no deaths from this disease, but not a resident had chills. Typhoid fever, the disease which is looked upon as the index of sanitation, has in eight years been re-

duced in Virginia from approximately 14,500 cases to 5,200 a year, and in many communities the reduction has been 100 per cent. Summer complaints among infants, which have annually reaped a large harvest of deaths, are now classed among the preventable diseases. In one large city where sanitary measures and instructive work of the public health nurse were carried out, the death rate among infants has been reduced 50 per cent in five years' time. Hookworm disease, that numbers its victims by the hundreds of thousands, and which does not take its toll directly in deaths, but by blighting the physical and mental growth of the child and reducing his working power and usefulness, is being steadily eradicated.

#### VALUE OF PUBLIC HEALTH WORK

I would cite one instance to show the value of public health work as an aid to industry and to compensate for the shortage of labor. The superintendent of a lumber and manufacturing plant two years ago appealed to the State Board of Health for assistance, saying that on account of sickness the work of his plant was seriously interfered with. Some machines were always idle on account of the sickness of the employes, and he had great difficulty in securing sufficient labor. A special better health campaign was conducted, directed specially against malaria and the filth-borne diseases. Last fall the superintendent wrote that since the health work was instituted, no machine had been idle on account of sickness among the employes; that malaria had been reduced 99 per cent; that the employes and their families were healthy, happy and contented; and that his company had no difficulty in getting all the labor it wanted, notwithstanding the greatly disturbed condition of the labor markets resulting from the war and the government building activities going on in the state. The superintendent added that his company had not made a better investment than that spent for protecting the health of the employes.

These instances are cited to show what is being done and the possibility of what may be done to increase the man power of our country and develop our national efficiency by promoting the public health. To accomplish this result the health authorities must have the coöperation and assistance of all the people. We can then make America as safe for health as for democracy. We can conquer disease as surely as we can conquer the enemy. It is purely a question of means and of effort.

WASTE CAUSED BY PREVENTABLE DISEASE OF IN-  
TESTINAL ORIGIN

BY VICTOR G. HEISER, M.D.,

Director for the East, International Health Board of Rockefeller Foundation.

In a general way much has been said about the waste caused by disease, but not enough emphasis has been placed upon the enormous amount of pain, misery, unhappiness, sickness and death, that is caused by preventable intestinal disease. It is well within the bounds of conservatism to state that over 127,000 persons in the United States die annually from causes acting in and through the intestines, in other words, from swallowing something unclean which might easily be avoided. To this must be added the hundreds of thousands who are made ill and incapacitated.

The economic losses are estimated at enormous totals. For instance, Doctor Allen Smith, of the University of Pennsylvania, states that hookworm disease in the South causes between \$250,000,000 and \$500,000,000 damage per annum. Stiles states that the very conservative estimate of 50 cents loss per week for each person suffering from hookworm disease gives a total of \$50,000,000 per annum. Ellis estimates that typhoid fever costs the United States \$350,000,000 annually. For instance, before the city of Pittsburgh had a safe water supply, typhoid fever in one year was estimated to have cost \$3,142,000. Ellis also estimates that in the state of South Carolina alone the hookworm losses are \$30,000,000 per annum. The State Board of Health of Louisiana estimates an annual loss of \$3,000,000 from hookworm disease in that state. Gunn estimates that the loss from hookworm disease in one mine in California which employs 300 men was \$20,000 per year. The construction of the St. Gotthard tunnel through the Alps was almost completely stopped by disease among the laborers until it was discovered that the illness was caused by the lack of proper disposal of human excrement. Again, Stiles estimates that 30 per cent of the education in the southern states is wasted owing to the backward mentality caused by hookworm infection. Clayton Lane has just published a statement showing that the entire war debt of India could be paid by wages which are lost by Indian hookworm victims,

and yet we know that wages in India are a mere pittance compared to American standards. So far we have mentioned only typhoid and hookworm infection. To these must be added the losses caused by diarrhoea, dysentery, cholera, and a host of other diseases, which are caused by swallowing something unclean.

Then there is also an enormous indirect loss. Hazen, for instance, showed that each death from typhoid fever avoided caused the prevention of two or three other deaths from other diseases. This theory has frequently received confirmation. For example, in Manila, in periods during which water from an uninhabited watershed was used there were 3,000 less deaths per annum than when the water supply was taken from an inhabited watershed. The deaths from practically all causes were decreased by changing the source of the drinking water. For instance, there was a reduction in the number of deaths from pneumonia, tuberculosis, nephritis, and other affections not ordinarily associated with intestinal disease.

#### THE REMEDY

It may be well to ask what can be done to prevent this enormous waste. The answer is simple. It is only necessary to provide for the safe disposal of the excrement of the entire population. In most of our cities the problem has been largely solved through the water carriage of sewage. Yet even in Philadelphia there are thousands of open privies which may be a menace to health through the agency of flies and other sources of contact which may cause contamination of human food and drink. The great bulk of the trouble, however, is in rural communities. It has been the popular belief that the health of those who live in the country is much better than the health of those who live in the city. This could probably be made so by the observance of ordinary hygienic precautions.

But let us look at the actual conditions. In a survey of more than 200,000 school children in New York City compared with 200,000 school children in rural Pennsylvania, it was shown that disease was at least four times more prevalent in rural Pennsylvania. Death rates in the country are higher. A large percentage of the ill health in the country districts is due to primitive latrine conditions. There are many areas in this country in which there is no latrine whatsoever. By careful surveys it has been demonstrated in many sections of the United States that only 50 per cent of the

houses have latrines of any kind. The remedy is very simple and easy of application. No great engineering works are necessary, and the method of prevention can be demonstrated to the most ignorant. There is no community in this country which does not have sufficient resources to carry out the safe disposal of body discharges, and when that is done, typhoid, dysentery, hookworm and a host of other diseases will disappear.

The meagre evidence here presented shows that the loss caused by only a few of the intestinal diseases will total to more than a billion dollars per year. Efficiency is the watchword of the day. The struggle for existence after the war will probably be greater than ever. Shall we enter the contest with this handicap, or shall we strike it from us?

#### NATIONAL EFFECTIVENESS AND HEALTH INSURANCE

BY JOHN B. ANDREWS, PH.D.

Secretary, American Association for Labor Legislation.

"When the workers return from the trenches they will not be satisfied with flowers or brass bands." This sentiment, recently expressed by one of our loyal and most influential leaders of organized labor, may be welcomed as a "healthy indication" or opposed as a "seething menace," according to one's point of view. It conforms rather conservatively to the reported pronouncement of Mr. Schwab that "within two years the workers will be running this country." Mr. Schwab for this declaration was publicly denounced as a threatening Bolshevik, but presently he was placed in charge of the nation's shipbuilding, the most urgent and critical job in our war preparations. Politically the sentiment is in harmony with the expression of the official historian of the British army in France, who recently said: "I predict that our next Parliament will be a labor Parliament." And it is most effectively and eloquently reinforced in a recent letter by President Wilson who declares:

Every man with any vision must see that the real test of justice and right action is presently to come as it never came before. The men in the trenches, who have been freed from the economic serfdom to which some of them have been accustomed, will, it is likely, return to their homes with a new view and a new im-



patience of all mere political phrases, and will demand real thinking and sincere action.

The foregoing sentiment may therefore be regarded as the well-considered political expression of some of the keenest and most practical of our forward-looking representative men who are earnestly seeking national effectiveness in a period of supreme national responsibility.

#### THE PUBLIC HEALTH PROBLEM

What national problems are of such supreme importance as to challenge our chief attention in this reconstruction period?

Aside from measures for the development and protection of labor organizations in their campaign for higher wages, shorter hours, and increased control of industry, it is probable that no single factor in industrial betterment will be so widely accepted as vital to the welfare of the masses of the people in this country as the assurance of reasonably healthful working and living conditions. Certainly no other problem of equal importance to wage-earners, to employers, and to the state, has been longer understood and more persistently neglected.

As a problem in political and social science national health as a factor in national efficiency thus assumes interesting proportions. "Health is wealth," says the proverb, and surely in this country there has been abundant expert testimony as to the importance of national health. The famous Shattuck Sanitary Commission in Massachusetts in 1850 reported the following:

That the average length of human life may be very much extended, and its physical power greatly augmented; that in every year, within this Commonwealth, thousands of lives are lost which might have been saved; that tens of thousands of cases of sickness occur, which might have been prevented; that a vast amount of unnecessary impaired health and physical disability exists among those not actually confined by sickness; that these preventable evils require an enormous expenditure and loss of money, and impose upon the people unnumbered and unmeasurable calamities pecuniary, social, physical, mental, and moral which might be avoided; that means exist, within our reach, for their mitigation or removal; and that measures for prevention will effect infinitely more than remedies for the cure of disease.

We have since had repeated official reminders that within reasonable limits public health is purchasable. And a conservation commission of the Roosevelt administration declared that the aver-

age span of American life might be increased at least fourteen years if we would but use the knowledge of hygiene already at hand. Economic fact and argument have not been lacking, for our United States Public Health Service has estimated the mere wage loss each year on account of sickness as no less than half a billion dollars. We have had, too, in health matters, the suggestive and helpful background of European experience and accomplishment.

In no more striking way have we benefitted from English experience than in our determination to avoid her blunder of relaxing legal safeguards under war conditions. Great Britain, under prodigious strain to turn out quantities of munitions quickly, continued this mistaken policy until her Health of Munition Workers Committee in a series of reports demonstrated that, even from the standpoint of maximum production, excessive hours did not pay; and that the efficiency of employes had been lowered by overwork.

The committee likewise found that measures to secure good sanitary conditions, lighting, ventilation, and the prevention of accidents and sickness, were also essential to the maintenance of efficiency and output. Fortunately the British reports reached this country before our own entrance into the world war and were used effectively in blocking legislative efforts to break down our own labor laws. Quickly, through organizations that devote themselves to such matters, the warning was given that protective labor regulations are not based upon mere sentiment but upon sound economics. The President of the United States, the Secretaries of the Army and the Navy, the Council of National Defense and public officials generally, finally went on record as opposed to the setting aside of legal standards of protection for men, women and children in our industries. "I think it would be most unfortunate," declared President Wilson, "for any of the states to relax laws by which safeguards have been thrown about labor. I feel that there is no necessity for such action, and that it would lead to a slackening of the energy of the nation rather than to an increase of it."

#### FINANCIAL ASPECT

We have now had opportunity to think and we are not likely to adopt a mistaken policy in reference to maintaining existing protective standards. But it is also our duty, during the war and even *because of the war*, to take certain steps in advance for the protection of the national health.

From the human and the social point of view it is necessary that steps be taken beyond the mere provision of sanitary work places. It is essential if we are to attack the problem of health and national effectiveness with vigor and understanding that workmen at the first indication of approaching illness be not held back,—either because of commendable dislike of charity or of reluctance to accumulate doctor's bills,—from requesting immediately, as a right, all necessary medical attention. Adequate provision for such service will of course include in addition to all necessary medical care, nursing, medicines and appliances, hospital accommodations and special maternity care. This service should be available not only for the sick employes but also for dependent members of their families. In addition it is essential that cash payments based on a percentage of wages be made to employes when incapacitated by sickness, and that there be in case of death a sum sufficient for decent burial, as is already provided under most of our workmen's compensation laws.

The expense of such thorough-going attention to health will of course be great. But there will also be many important economies. While in the aggregate the estimated totals may appear staggering, it must be remembered that someone is already paying for all the costs of sickness—under present unorganized methods—and the burden is now carried for the most part by those least able to bear it.

But we have learned how huge sums are quickly made available through the accumulation of many small ones. All of the money needed for a comprehensive plan of sickness care can be provided by small weekly payments from both employers and employes under state supervision. And of course on grounds of economy as well as public policy it should be recognized that the plan of insurance against sickness should not be commercial in character.

Hitherto our difficulty in increasing national efficiency through improved national health has not been a lack of appreciation of the possibilities or a lack of knowledge of hygienic precautions. The trouble has been that our leaders in health work could not get sufficient funds. A few years ago an investigator for the Russell Sage Foundation discovered that the average per capita appropriation for public health work by the cities of over 25,000 population was but twenty-two cents a year. In several cities for infant hygiene work, laboratory and dispensary service, housing regulation, industrial

hygiene, tuberculosis work, control of venereal diseases, health education and publicity, the annual appropriation was less than four cents per person. And this very week in the largest city in this country with a population of more than five millions we have the spectacle of the mayor attempting to abolish the Bureau of Public Health Education on the ground that \$12,000 for such a purpose is unnecessary. Obviously if we are to tackle the problem of health with "real thinking and sincere action" we must accept methods of financing not yet put in practice here for this purpose although they have long been employed successfully in various countries of Europe.

#### HEALTH INSURANCE PROBLEMS

The present premier of England, Lloyd George, impressed by sub-standard conditions of health revealed by selection of soldiers for the Boer War, succeeded in having instituted in 1911 a system of workmen's health insurance as a part of a general social insurance program. Physicians, who seven years ago opposed the plan in Great Britain, are now found by the British Medical Association to be almost unanimously in favor of it. Moreover a delegation of British workingmen who recently toured this country at the request of the American Federation of Labor spoke in terms of highest praise of the health insurance system in England. Germany and other continental countries had learned this lesson still earlier and during the five years preceding the outbreak of the present war six European countries adopted compulsory contributory systems of health insurance.

In the United States the success of workmen's compensation for industrial accidents, which in seven years spread over four-fifths of the country, was followed last year by wise and generous provision by the United States government of accident, health and life insurance for soldiers and sailors. This social insurance legislation has given a new impetus to the health insurance campaign in America where already nine states have provided for official study of the subject through legislative commissions. A number of our most influential state and national labor organizations have gone on record for health insurance legislation, and in New York State the federation of labor this year introduced a bill. It is worth noting that the objection raised to this measure by the secretary of the Associated

Merchants and Manufacturers of New York State related entirely to the cost. He presented figures indicating that the wage-earners of New York State alone suffer loss of time on account of sickness aggregating 40,500,000 days each year. Necessary care under a health insurance law, he declared, would require the expenditure of \$100,000,000 more for hospitals alone to equip New York for this service. The funds made available through small weekly contributions by those most directly responsible for sickness and most to be benefitted by improved health would according to this employers' representative be equal to fully forty-six times the amount annually appropriated by New York City for public health work.

The representatives of the wage-earners reply that they welcome this proof of the need for sickness insurance and that they are ready to bear their share of the cost on a fifty-fifty basis with their employers, and they have served notice that they purpose to continue the campaign until proper service is available for every sick employe in the state. They also point out that the objections raised to insurance against sickness were only a few years ago raised against workmen's compensation for accidents, which is now universally admitted to be beneficial to employers as well as to employes. Finally, they suggest the undoubted advantages to industry of the frequent coming together of representatives of workmen and employers in the local mutual administration of the health insurance funds. This they believe will obviate many industrial disputes, and greatly add to the efficiency of the nation's industries. But most urgently they insist that the world of medical science shall be made available to the wage-earners—not merely, as at present, to the wealthy on one hand and through charity dispensaries to the poverty-stricken on the other.

#### NECESSITY FOR A GENERAL SANITARY SYSTEM

Dr. Hayhurst of the Ohio State Board of Health in his report on *The Need for a General System of Sanitary Supervision of Industries in Times of War*, states that a general system of sanitation must include four things, one of which is "a system for the prompt care and recovery of those taken sick . . . and a means of sustenance until well." And he points out that the need of an extension of insurance to cover sickness is particularly needed in connection with our multitude of employes in small establishments.



"We know," says Hayhurst, "that nothing reduces preventable afflictions more than establishing some form of compensation against them, since this increases inquiry and thus raises the standards for sanitation and hygiene." Surgeon-General Rupert Blue has referred to health insurance as the next great step in social legislation. Dr. Evans, in his presidential address before the American Public Health Association, declared that by the time this war is over health insurance will be the liveliest issue in America.

The official commission which has been studying this question in New Jersey states:

The stress of industry in war is making increasing demands upon physical endurance. In our hour of necessity we have been shocked by the high percentage of draft rejections on account of physical disability. As never before we need now to conserve, for present and future generations, the health and physical vigor of our people. Furthermore, it is the duty of statesmanship to look beyond our immediate pressing needs to the period of reconstruction at the close of the war. We cannot afford to disregard the protective legislative inducements already offered to workmen by our keenest commercial competitors in Europe.

The economic advantage to a nation of a healthy, efficient and contented working class is recognized by employers who have observed the effects of universal insurance against sickness in England and Germany. A former representative of large manufacturing interests, who is now serving in the War Department, wrote to me recently as follows:

I believe very strongly that unless we make very substantial progress along the line of health insurance. . . we shall find ourselves under very serious handicaps in world competition at the conclusion of the present war. I believe that many of our people are still going cheerfully on with the social ideals and ideas of the past generation quite oblivious to the fact that our great commercial competitors, Germany and Great Britain, have advanced far beyond us in social thinking. The time will come within the years immediately following the war when our "go as you please" methods of industry will be weighed in the balance in competition with Europe.

We are fighting a great world war in order that the condition of the people may be improved. Some time this war will end. But within each nation there is a never-ending struggle for better living conditions, for opportunities for health and happiness that during generations have been denied to the workers. Today, for example, we possess a mighty power to fight disease. To the wealthy class this scientific knowledge is available; to the poverty-stricken it is

doled out in charity dispensaries. But for the masses of the working population—in the United States alone among great industrial nations—such treatment is not made available.

The healthiest army in history is what our officers and sanitarians at the front are striving to make of the American forces abroad. Why should not the same ideal be set up for the much more numerous army of industrial workers at home, without whose unhampered productivity the valor of our troops will be useless? In health legislation the war has not furnished a ground for postponement of action; rather it has increased the need for action. And in fulfilling this immediate and urgent duty to aid in the successful prosecution of the war we shall at the same time be laying a firm basis for reconstruction after the war.

President Wilson in his remarkable letter to New Jersey politicians, quoted at the beginning of this paper, also said:

Every sign of these terrible days of war and revolutionary change, when economic and social forces are being released upon the world whose effect no political seer dare venture to conjecture, bids us search our hearts through and through and make them ready for the birth of a new day—a day, we hope and believe, of greater opportunity and greater prosperity for the average mass of struggling men and women, and of greater safety and opportunity for children. . . .

[In] the days of political and economic reconstruction which are ahead of us, . . . every program must be shot through and through with utter disinterestedness; . . . every party must try to serve humanity; . . . every program, every measure in every program, must be tested by this question, and this question only: Is it just; is it for the benefit of the average man, without influence or privilege; does it embody in real fact the highest conception of social justice and of right dealing without respect of person or class or particular interest?

This is a high test. It can be met only by those who have genuine sympathy with the mass of men and real insight into their needs and opportunities, and a purpose which is purged alike of selfish and of partisan intention.

The party which rises to this test will receive the support of the people because it serves it.

While we make ready for the birth of a new day, in what our President has called this "exigency of a great hour of crisis," we will do well to remember that the workmen when they return from the trenches will demand sincere action, and that it is well for our national health and national efficiency that "they will not be satisfied with flowers or brass bands."

## NATIONAL EFFICIENCY THROUGH HEALTH

BY WILMER KRUSEN, M.D.,

Director Department of Public Health and Charities, Philadelphia.

There are two great armies fighting in this conflict—one a military and naval force controlled largely by trained medical men in camp and cantonment, or overseas; the other, the greater from the numerical viewpoint, the civilian population, supervised and regulated by the health officers of our state and city departments. Our chief concern today is for our civilian population. We realize fully that health like charity begins at home.

May I first refer to the problems presented during this crisis and briefly to their solution. If the individual is healthful and efficient, then the community or municipality becomes safe and healthy unless sanitary surroundings are injurious and pernicious.

In Philadelphia the housing problem has become acute. The unexpected increase in our industrial population has found us unprepared. It is of vital importance that the home should be clean and sanitary. The water supply must be pure and adequate, the drainage perfect, and the sewage disposal adequate. This city must spend more money for the increase of its water supply and for the extension of its sewage system so that all cesspools may be abandoned without an exorbitant expense to the property owner. The housewife must have the sanitary conscience. There must be hearty and sympathetic coöperation between the civic official or agency and the citizen.

The keeping of live stock, such as chickens, goats and other animals, must be forbidden in the closely populated sections of a city. The "thirty years" war for the elimination of piggeries from the residential part of Philadelphia has resulted in a practical victory for the Health Department. The mosquito nuisance is now being actively combated in Philadelphia. The state and city departments are working with the federal authorities and much money will be expended this summer for the permanent elimination of this pest.

The control of communicable diseases is a constant battle,—here "eternal vigilance" is the price of safety. In Philadelphia

smallpox has been practically eliminated as a serious menace, but during the past few weeks we have had four sporadic cases; our typhoid record during 1917 was the lowest in the history of the city; tuberculosis has been reduced one half in the past thirty-five years.

A strict observance of quarantine rules and regard for the health of a neighbor's children are necessary to reduce the large number of contagious diseases in this city. One of the serious conditions which has perplexed the medical officers of the army and navy has been the many cases of contagious diseases which have occurred.

No lover of the human race or of his country can view with complacency the ravages of venereal diseases, nor fail to raise his voice in warning against them. Since January 1, the Health Department has tried to purify the stream at the very source of its infection by the care and study of the unfortunates in the House of Correction. Clean living becomes a patriotic duty in war time as in no other period. The infected man becomes not only useless as a soldier, but a cost and a burden to the medical service of the nation, taking time and attention, medicine and money which rightfully belong to the soldier wounded in battle or sick with unavoidable disease incident to the congregating of men in camp and cantonment.

Our great industrial plants, our munition factories with their problems of chemical poisonings and occupational diseases demand scientific consideration. The health of the women workers—a subject which has been carefully studied in Great Britain—is now an American problem in a new sense. The effect of this industrial life upon the next generation must be remembered. Protective legislation must not be suspended or repealed, or we will suffer the consequences.

This is children's year in America, and the varied efforts to conserve infant life must be extended and financed. Prenatal care of mother, care of infant and child during pre-school age, is a theme we could discuss for hours. Let me urge intensive work and interest in this phase of health work.

War is a stimulus to effort not only of inventive genius for the destruction of life and the confusion of our enemies, but of constructive and beneficial genius for the conservation of life and the protection of health. We need only to mention the triumph of typhoid inoculation and the benefits of the Carrel-Dakin method of treating wounds as significant of progress in medical science. Medical men

and students of sociology were rather startled by the announcement that twenty-nine per cent or nearly one-third of the young men of America between the ages of 21 and 31 were found physically unfit for military service. This emphasizes the necessity for routine physical examination for the discovery of incipient diseases or physical defects. It also emphasizes the value of a routine military service even for its physical benefit as well as its necessity for national protection in America today.

The solution of all of these problems rests in the hands of the educated and thoughtful people of America, who must see to it that those in the ignorant classes are given the necessary instruction either by medical men, nurses, or civic organizations in the principles of health and hygiene. Patriotic duty demands active coöperation with health authorities and obedience to rules and regulations which are the crystallized sentiment of the best scientific minds of the country. Education without health is useless, and education is far more useful than legislation. We have enough laws on our statute books to last for fifty years, but unless we realize that it is necessary to obey these laws and that health is a physiologic function of the community our efforts will be in vain.

### ELIMINATING VICE FROM CAMP CITIES

BY MAJOR BASCOM JOHNSON,

Director Sanitary Corps, National Army.

The principles underlying and the reasons for the existence of a recreation program are well known to everyone. Every modern, up-to-date municipality has a playground system, and the people have become thoroughly familiar with the reasons why such a program ought to exist in every well-regulated city. The old maxim of "All work and no play makes Jack a dull boy," does not need much change to apply to the troops—that all drill and no recreation makes a pretty dull and, under certain environment, a pretty bad soldier. It seems hardly necessary, therefore, to dwell very much upon the recreation program of the Commission on Training Camp Activities. The program is well developed, is very comprehensive, and runs the gamut from athletic coaches and Liberty theaters



inside the camps to recreation and social opportunities in the communities outside the camps. This program is based on the principle that soldiers prefer clean, red-blooded, wholesome recreation to the other things which have usually in the past contributed to their inefficiency.

Let us consider, therefore, the efforts of the commission to remove those sinister influences which, if unchecked, tend to flourish in camp communities. I refer particularly to prostitution and venereal disease. In this crisis which we are facing we begin to realize more and more that the war will be won upon the basis of man power, and that any influence which results in the deterioration of that man power, which loses to us a single soldier unnecessarily from any preventable cause amounts to a crime against humanity. Venereal diseases in the past have been the greatest single cause of such loss of man power, and hence of inefficiency in the army. Philadelphia has recently passed through, or, rather, its officials I might say, have recently passed through an educational process. Philadelphia's officials have had to be shown that vicious conditions in a city are sure to cripple the man power of the army and the navy, and that those conditions cannot be allowed to exist. Many people used to believe that these vicious influences, red-light districts and prostitution in connection with army camps, were either necessary or inevitable, and so we have had to demonstrate that a clean camp city is practical as well as necessary.

No other government in the history of the world has taken the stand on this question that the United States government has taken. The Council of National Defence, with the Secretary of War presiding and the Secretary of the Navy present, in connection with a large number of well-known educators, psychologists, doctors, lawyers and men of affairs throughout the country, who have studied the problem of the social evil, unanimously decided, not by a divided vote but unanimously, that continence for the armies and navies of the United States was a perfectly practical program and the only sure preventative against venereal disease. That pronouncement is revolutionary. It marks an epoch in the history of the governments in the world. It fell to the lot of the Commission on Training Camp Activities to demonstrate that this new principle was a practical principle, that it meant the saving of thousands of troops from incapacitation—that when these soldiers came back to their

home communities they would come back clean and would not contaminate society nor bring to their wives and to their children and to their children's children the heritage of an unclean life. That has been demonstrated.

Just a word in proof. Before the war, during the year 1916, the annual venereal disease rate in the army was 91 per thousand. That meant that 91 men out of every thousand in the army had one of the venereal diseases some time during the year. If that rate were kept up during the first year of the war with the 1,600,000 men in the army we should have during that period 145,000 troops incapacitated from venereal diseases. The Surgeon-General's office estimates that the average time during which soldiers so diseased are incapacitated for service is 18 days. That would have meant that 2,620,800 days of training and military service would have been lost to the United States. The Surgeon-General also estimates that 25 per cent of soldiers who contract venereal disease are permanently impaired, not necessarily totally impaired but impaired for the hardest kind of active service. If the pre-war rate of disease had continued, nearly 36,400 troops would have been permanently impaired and unable to perform anything but the lightest form of service. That is more than a division—more than most of our cantonments now have.

As a matter of fact, if the present rate of venereal disease in our armies as a whole is maintained for the balance of this the first year of the war since mobilization, this loss will have been reduced nearly one-half. That means a saving of 72,800 soldiers from contamination; it means a saving of 18,200 soldiers from permanent impairment. When we remember that it costs approximately \$5,000 to train, equip and place each soldier in the trenches we can figure the tremendous financial saving alone in such a reduction of the venereal disease rate. The saving of the 18,200 soldiers who would constitute a total loss as far as trench duty is concerned would mean a financial saving of \$91,000,000. But the saving in money alone by this reduction of the rate of venereal disease represents only a small part of the saving. Think of the saving in man power and in morale on the side of the army and the saving to society in broken lives and homes wrecked when the soldiers come marching home.

Now, what are the activities of the commission to this end?

We have had to bring pressure to bear on seventy-five or eighty cities throughout this country. I believe the exact number of red-light districts that have been closed at the request, and I may say at the pointed request in some cases, of the Secretary of War or the Secretary of the Navy, is eighty-one. In addition to these eighty-one cities who have wiped out their venereal disease swamps, as we sanitarians like to call them, there are countless others that have inaugurated campaigns of vice suppression. Before the war it was the belief of many intelligent people that the elimination of a red-light district and of vice brought no substantial results, that it only scattered vice into the resident sections of the city. There were not any statistics to prove anything either way because the records in the police departments and the district attorney's offices have never been adequately kept. Now, however, we are able to prove that this kind of a campaign does bring practical results and an immense improvement in conditions.

Before the war there were two camp cities in this country—I will not name them—who were responsible for the highest venereal disease rates among the troops stationed near their borders. One of these cities was responsible for a venereal rate of 250 per thousand among its troops, and the other for a rate of 200 per thousand. A report has just come in from the latter of these cities. This rate of 200 had fallen to 167 in October of this year, after the recreation program which I have described had gone into effect and some results had been achieved thereby. In October we got our law enforcing forces to work in that city. We brought pressure to bear upon the judges, we brought pressure upon the mayor, we brought pressure upon the district attorney, we got the judges to convicting, we provided hospital facilities and quarantine facilities for those afflicted with these diseases, and during the month following that campaign the rate ran down.

Prior to October, 826 men would have been exposed to venereal disease during the following year if the existing rate had been maintained. But by making prostitutes inaccessible by a vigorous law-enforcing and the public health campaign, the rate of exposures to these diseases dropped from 826 in October to 497 in November, showing conclusively that the amount of exposure to venereal disease among troops varies directly as the accessibility of prostitutes to them. This campaign was continued during the following month,

so that in January the prophylactic rate had dropped down to 251 per thousand, and during these same months the venereal disease rate dropped 167 per thousand down to 40.5 per thousand. Law-enforcement program against vice, which includes treatment and quarantine of those infected, will produce very remarkable results. This shows what most of us have believed, but have never been able to prove, viz.: that a great many men drift into immorality who, if prostitution and vicious conditions are not thrown in their faces, will not seek them.

That is only a sample of what is going on all over the country today. We have eliminated open vice everywhere so that there are today no cities or towns within five miles of an army or navy station where bodies of men are in training where such conditions obtain. Our end is military efficiency. I think we may fairly maintain that the activities of the commission have contributed in no small measure to that end and that new standards have been set in the government of our cities which will persist to the benefit of the whole nation after this war has been won.

## LABOR EFFICIENT

BY HON. HENRY F. HOLLIS,

Member of Committee on Education and Labor, United States Senate.

I was once the captain of a baseball team playing an important series. My side won by a narrow margin. A man who bet on the wrong team said to me, "Those fellows batted harder and fielded better than your men. How did you pull it out?" My reply was, "When we had to have a run, we got it. We depended on fighting spirit instead of percentages."

You cannot win a battle with listless soldiers, or Hessians. You cannot get maximum production with listless workmen, or outsiders. Wages, hours of labor, sanitation, and the rest of it, are important, but they are only batting and fielding averages. We must have enthusiasm and morale, tons of them. We must make the working-man believe that we are really fighting for liberty, and not for profits. Instead of treating working-men like beasts of burden, to be kindly treated and well fed, we must treat them like partners and saviors of the nation.

There really is not much we can do. We shall do well if we undo most of what we have done. To begin with we must make restitution. We must return to labor its stolen property. I do not mean profits. I mean the war itself. For this war is labor's war, and labor knows it. Give labor back its war, and do not worry about any labor stimulant.

The best of us are prone to put on full dress and talk down to labor. We feel that we are broad-minded to notice labor's existence. Labor knows this, and good-humoredly tolerates our weakness. Working-men are better informed than we on the real issues of the day. They know that they can get along without us, but we cannot get along without them. They also know that we are ignorant of this solemn fact.

Labor knows that all we need to win this war is men to fight, property and labor. We need a few super-workmen like President Wilson, Secretary Wilson, Henry Ford, Hoover and Schwab, but



we can get along very nicely without the owners of property. If they will not loan us their property, we can take it by taxation. We can conscript soldiers and we can conscript wealth; but the spirit which makes American labor the most efficient on earth cannot be conscripted. Nor is such conscription necessary.

Working-men, including farmers, make up this nation. The rest of us cling on the edges, a paltry handful. By dividing the workers against themselves, we skillfully appropriate the balance of power.

Labor's sons make up the bulk of our army in France. Labor weeps when our soldiers suffer; it thrills when they go over the top. Instead of asking labor to help us win our war, we ought to thank God that labor lets us knit sweaters and loan money to help it win its war. Bear in mind that this is labor's war, not only to make the world a decent place to live in, but to make the working-man's home a decent place to live in.

Cut out profiteering. Stop patronizing. Put a working-man beside every capitalist and college professor on every board. Consult labor frankly and humbly. Follow labor's advice. If your services are of any value, proffer them. Give labor a fair chance, step out of the way and watch the smoke. And save your stimulant for yourself.

### THE EFFICIENCY OF LABOR

BY HON. WILLIAM B. WILSON,

Secretary of Labor, Washington, D. C.

It is my purpose to discuss the subject of the efficiency of labor. But before proceeding to a statement of the policies that are being pursued to attain the end desired, it may be well to examine briefly the background leading up to our entrance into the great world war, in order that we may better understand the policies that should be pursued in dealing with the great problem of labor efficiency.

Our people are a peace-loving people. If they had not been they would not have submitted to the many indignities and wrongs heaped upon them for the length of time they did. We had dreamed

of a continuation of peace. We had been inspired by the words of the poet and longed for the time to come

When the war drums throb no longer  
And the battle flags are furled  
In the parliament of man—  
The Federation of the World.

The wage workers of the country were no exception to the rule. In every great convention of labor, resolutions were adopted declaring for the perpetuation of international peace. But our dreams were shattered over night, and against our will and in spite of ourselves we were forced into the great European conflict.

Subtly, the sentiment has been spread abroad that this is a capitalists' war, brought about to enable the capitalistic class to secure greater profits and to still further exploit the workers, and further, that we have engaged in it solely out of sympathy for the Belgians, the Armenians or the democracies of Western Europe. If the purpose had been to advance the interests of capitalists and permit greater profiteering, we never would have engaged in the conflict. Prior to our entrance into the war our manufacturers and business men were permitted to obtain any price for their goods which the necessities of the belligerents in Europe compelled them to pay. There was not the remotest likelihood, as long as we remained neutral, that we would undertake to regulate the profits obtained from belligerents, and the capitalist could have gone on profiteering to his heart's content without interference from our government. But when we entered the war that condition changed.

#### PROFIT AND PRICE REGULATION

One of the first pieces of additional authority placed in the hands of the President, after the declaration of war, was the power to regulate prices and profits in certain industries, and in addition the war necessities have required the imposition of an excess-profits tax which takes over for the benefit of the government a large percentage of any increase in profits that may be secured, to which was added a very substantial increase in the income tax.

In all the legislation that has been introduced and passed for the purpose of regulating profits, there has never been a solitary line to specify a maximum wage for labor. These facts in themselves, and there are many others of similar kind that might be

added to them, demonstrate clearly that this is not a capitalists' war, but a people's war, entered into for the preservation of our institutions.

When the Continental Congress adopted the Declaration of Independence a new principle of government was proclaimed to the world. It said:

We hold these truths to be self-evident; that all men are created equal, that they are endowed by their Creator with certain inalienable rights; that among these are life, liberty and the pursuit of happiness; that to secure these ends governments are instituted amongst men, deriving their just powers from the consent of the governed.

Out of that declaration has grown the most perfect democracy that has ever existed on the face of the globe. There has never been any other democracy where the great masses of the people have had a voice in their own government whenever they chose to exercise it, such as exists in the United States of America. If we have not made progress as rapidly as some people think we ought to have made it, the reason lies in the fact that they have not been able to convince a majority of their fellow-citizens that we should move faster. If we have made progress more rapidly than some people think we ought to have made it, the reason lies in the fact that they have not been able to convince a majority of their fellow-citizens that we are moving too rapidly.

From the time that the first strong man or the first cunning man used his strength or his skill to dominate his fellow-men there has been a continuous conflict for the right of majority rule. No portion of the people have had any greater interest; no portion of the people have taken any stronger stand; no portion of the people have made any nobler fight for the establishment of systems of government in which the people would govern themselves, than have the wage-workers of our country and the world. Consequently, the masses of the people, including the wage-workers, have more at stake in the preservation of our institutions than any other portion of our people.

#### PROVOCATION BY GERMANY

For nearly three years the American government and the American people struggled and prayed that they might be kept clear of this holocaust—this terrible war. As a member of the

Administration I know the sincerity of purpose and strong desire to keep out of the conflict. When in the early days of the war in Europe Germany undertook to sink our vessels without warning and destroy the lives of our people in places where they had a right to be, we protested with all the vigor we possessed. Immediately some of our own people raised objections against permitting our citizens to travel on the seas. They said these people who are traveling as passengers should not be permitted to endanger the peace of the United States. They had overlooked the fact that there could not be any passengers on any vessel unless there were seamen to operate them. These seamen were following their usual vocations in detached floating portions of the United States, and were just as much under the jurisdiction and protection of the United States government as if they were on the mainland, except when the vessel was within the three-mile limit of a foreign coast. We were, therefore, placed in the position of abandoning our overseas trade altogether or compelled to protect our seamen in their right to earn their livelihood in the usual way.

#### LESSENING OF STRIKES

The first step, then, towards securing the highest standard of labor efficiency was to bring home to our wage-workers the menace that confronted them through the ambitions of the military government of Germany. This, therefore, is the message that has been carried by the Department of Labor from one end of the country to the other. Every mediator, every employment official, every field officer of the department, in addition to a corps of trained speakers, has been carrying the message to the workers of America that this is their war, for the preservation of their institutions, to enable them to continue working out their own destiny in their own way, unimpeded by the mailed fist of the German Kaiser or any other autocrat on earth. Every great labor leader in the country, from Samuel Gompers, President of the American Federation of Labor, on through the list, has been carrying forth the same kind of a message. The result has been gratifying indeed. We have fewer labor strikes at the present time than at any other period within my recollection, notwithstanding the fact that it is the period of the year when strikes are usually most numerous. There is not a solitary strike in the coal industry, in the oil industry, the lumber-

ing industry, the shipbuilding industry, the packing house industry, in the steel production, transportation, telegraph or telephone systems of the country, and only a few strikes of very minor importance in the textile industry, metal trades, munitions factories, and all the other productive enterprises.

In speaking of strikes it is a very common practice to assume that the workers are always responsible for the stoppage of work, and yet strikes are simply the result of disagreement. The employer will not permit the employes to labor upon the terms they propose, and the workers will not work upon the terms the employer proposes. A strike, then, is the definite result of a disagreement the responsibility for which rests with that party whose position and claims are wrong.

#### LABOR'S PART IN THE WAR

Since we have engaged in the war it becomes incumbent upon us to win the war, and while we may make mistakes, while we may from time to time meet with disaster, there can be but one ultimate outcome and that is victory. Under former methods of waging warfare, an army, even though it might be an army of invasion, very frequently lived upon the country through which it was campaigning, supplied only with arms and munitions as the product of the labor of a comparatively small number of people at home. The warfare of today is entirely different. The man in the trenches is all-important. He is making great sacrifices and taking great risks. We are proud of him. But the man in the shop has also become an important factor in carrying on modern warfare, and our industrial problems have become more intense by virtue of the fact that the man in the shop and the man in the field are both vitally essential to the successful conduct of our campaign. The need for military supplies has made the mobility of labor an important factor in military operations. The impulse of every department, board and industrial establishment has been to secure the labor required to increase their productive capacity without regard to its effect upon the industrial situation or the priority claims of their neighbors. That condition is rapidly being remedied through the centralization of the responsibility for the mobilization of labor in the Employment Service of the Federal Department of Labor.

Even those whose prejudices have heretofore stood in the



way begin to realize that the problem can only be efficiently handled through a common policy emanating from a central directing head. The great increase in the need for skilled workers in shipbuilding plants, munition factories and similar institutions has reduced temporarily the standard of efficiency. It cannot be expected that the partly skilled or unskilled man can perform skilled labor with the same accuracy and rapidity that it can be performed by skilled men. Whatever decrease in efficiency has occurred in these industries is principally due to the fact that the dilution of skilled labor has been extremely great. To meet that problem the department over which I have the honor to preside is seeking authority from Congress for the organization of a division or bureau which will handle the entire subject matter of labor dilution and training, securing as far as possible the coöperation of the manufacturers in their shops, and the trade unions in such modification of their apprenticeship rules as may be necessary to meet the conditions confronting us.

Another important problem growing out of the concentration of large numbers of additional workmen in shipbuilding and munition-manufacturing communities, is the insufficient supply of proper housing for the workmen. Ordinary investment capital cannot be induced to build houses that may not be needed when the war is over, and the highest standards of efficiency cannot be obtained where proper housing facilities do not exist.

#### LABOR TURNOVER

The turnover of labor in our country is tremendous. In normal times it is nothing unusual to find establishments where the turnover is 200 per cent or 300 per cent per annum. That naturally reduces efficiency. There is not only the loss of time incident to the change of men, but no man can be thoroughly efficient on his job until he has become familiar with his machine, his shop, the characteristics of his shopmates and foreman, and the hundred and one other details that go to make up the sum total of his shop surroundings. The turnover is the individualistic strike. It represents the unorganized workman dissatisfied with conditions, or the organized workman unable or unwilling to interest his fellows in a collective protest. It produces in the aggregate very much more loss of time than is involved in all of the strikes of trade unions or

spontaneous collective protest. The remedy lies in correcting the evil that results in such tremendous turnover. The lack of housing facilities has increased the movement of workmen from job to job so that there are some instances on record where the turnover has been as high as 100 per cent per week. No efficiency can be obtained under such circumstances. Fortunately, Congress now has the matter in hand and the likelihood is that within a short time proper housing facilities will be provided for our workmen in the war industries.

Many well-meaning individuals are continually advocating an increase in the number of working hours per day as a means of securing greater production. In some lines of activity that might be true, but in the usual processes of labor where the physical or mental strain is heavy and continuous nothing is gained by an abnormally long working day. Men must set their pace in accordance with the length of time their activities are to continue. A sprinter may run a hundred yards in ten seconds, but he would not think of such a pace in starting on a ten-mile hike.

Last summer a suggestion was made that the anthracite coal miners and operators agree to a restoration of the nine-hour workday during the period of the war, with the hope that thereby the production of coal might be increased. I investigated the subject matter at that time at the request of the Council of National Defense and found that the anthracite coal miners produced 2.9 per cent more coal per day per man in an eight-hour workday in 1916 than they had produced in a nine-hour workday in 1915. In normal times there is of course more to be taken into consideration in determining the length of the workday than simply the amount of work that can be endured and maintained from day to day by the workmen. But even in these times when the all-important question is the maximum of efficiency it is folly to increase the number of working hours when no greater production can be secured thereby, and the only effect is to create dissatisfaction in the minds of those who toil.

To summarize, then, the highest efficiency can only be obtained by the proper treatment of the workmen, the proper planning and management of the work to be done, the intelligent mobilizing of the workmen, efficient means of training the partly skilled and unskilled in the work they are to do, complete provisions for sanitation

and safety, comfortable homes, and a working day sufficiently short to enable the worker to return to his work on each succeeding day fairly refreshed for the task he has to perform. And more important than all of these is the spirit of coöperation of the man who believes he is being justly dealt with.

#### THE THIRD LIBERTY LOAN

May I not in conclusion say a word about the third liberty loan bond issue. Those who subscribe to it are making in reality a double investment. Billions of dollars are needed for the prosecution of the war, but only a comparatively small portion goes towards the payment of the soldier. When money is raised by taxation or by bond issue the great bulk of it goes back immediately into the channels of commerce for the purchase of supplies for the army. The business man or the workingman who purchases a liberty bond is receiving interest upon an investment that keeps him in continuous employment. But that is only the selfish side of the question. Behind it all is a sentiment, and men will do more for a sentiment than they will for all the material things on earth. Our boys in France are sacrificing their lives for a sentiment. Surely, then, we can sacrifice a few of our dollars to furnish the finance to conduct the war. The man whose income is meagre, and who at best can only purchase a small amount, may think that it is not worth while. I am reminded of the fable of the great drought that extended over the land. The crops were drying up and withering for want of rain, and a little drop up in the rain cloud sympathized with the farmers and their possible loss from the failure of their crops, and it said to one of its neighbors, "I would gladly go down to help the farmer out, but I am just one little drop, and my moisture would be of no value to him." One of the other rain drops said, "That is very true. Your going down alone would be of no value in helping out in moistening the soil for the good of the crops, but if we all go down, a multitude of little drops, we can help out." And they all agreed and they came down in a beautiful refreshing shower, and spread over the land. The crops were revived and were saved for the harvest. And so it is with the workers of our country. The amount that any one can contribute is but a drop in the aggregate that is necessary, but if all cast in their drops together the amount that would be contributed toward the liberty loan

would be valuable to our country in its hour of need. It gives courage and confidence to the fighting forces at the front and makes it forever impossible for the mailed fist of the Kaiser to impede the progress of our free institutions.

### LABOR POLICIES THAT WILL WIN THE WAR

BY V. EVERIT MACY,

Chairman, Shipbuilding Labor Adjustment Board, Washington, D. C.

Modern warfare has discredited all prophecies. Difficulties that were foreseen have been met, even when considered insurmountable, while others that were never considered as of military importance have been most difficult of solution. Among these is the mobilization of industry, which we all see now is as essential as the mobilization of the army, for without industrial organization at home, an effective army cannot be kept in the field. The foundation principles of modern industry are competition, and supply and demand. Modern warfare at once sets aside competition, for government needs immediately take precedence over those of the private consumer, while at the same time through restrictions on imports and exports the usual balance between supply and demand is destroyed.

The mobilization of an army is a simple task compared to the mobilization of industry. The principles of military science have been studied for generations and as the methods of warfare have changed, thousands of trained men have studied the varying problems and developed their plans to the smallest detail. Not so with industry. Two years ago no one in this country had given the matter a moment's thought. Now we find that to maintain a mobilized army we must mobilize an industrial army ten times as large. In the fighting army each individual is trained to his particular duty and knows just where he belongs, but in industry few are trained and each worker follows his own choice or chance occupation. War also disrupts normal industry by shutting off employment in certain trades and creating abnormal demands in others.

The most disturbing factor, however, is that of private interests. In peace times, the employer and employees are free to pro-

fect their respective interests as they may see fit without much regard to the public welfare. The consequence is a constant state of more or less acute industrial warfare. When, as during a war, the very existence of the nation is at stake, all causes for domestic strife must be eliminated. Only by substituting the national welfare for self-interest can the nation develop its full power. Our government has had to face an enormous task in creating almost over night, new industries on the largest scale, extending others, and gradually discouraging those that are non-essential. This has meant the shifting of hundreds of thousands of workers from one industry or location to another. This change has been accelerated by the self-interest of the employer and of the employee. The employer has offered higher wages to attract not only a sufficient number of men to his plant, but, if possible, the best men. The same self-interest has naturally led the workers to seek employment where the highest wages were paid. As a consequence, all industries have suffered from an enormous increase in their "labor turnover." It has not been unusual for a plant to change half its force in one month. Another equally important cause for this instability has been the introduction of tens of thousands of green men into industries with which they were totally unacquainted and for which they were perhaps unfitted.

Usually the employer and employee can be trusted to represent two divergent points of view, but when the government is either the sole or dominating customer and pays the increased wage, the financial interests of employer and worker are more or less the same. This is particularly true where the only competition is on the part of the employer to get enough men to enable him to make a good record and complete his contracts on time. There are many forms of government contracts, but those in which the contractor is paid all costs plus a 10 per cent profit have tended to aggravate the situation described above.

As a people, we have resented any government interference into what we considered our private business, and what we do not as yet fully realize is that when we are at war the life of the nation is at stake, and in such a crisis every act of every individual is of national importance, and becomes the proper business of the government. Local pride, craft pride, personal ambition, local, craft and plant customs, sectional and industrial prejudices must all be ignored if



they stand in the way of the adoption of a national policy. Before labor can be mobilized definite standards must be developed. The necessity of centralized control for war purposes has long been recognized, yet only recently have the Allied armies been placed under one commander-general. After months of delay all purchases of supplies for the United States as well as the purchase of many articles for our Allies have been centralized in the War Industries Board. We are spending many billions of dollars on war contracts and of this stupendous sum at least half is paid out in wages. We have standardized and fixed prices for our raw material supplies, but are only just realizing that we cannot mobilize labor without standardizing conditions of employment and wages. Under war conditions there is practically only one employer and that is the government. The manufacturer, for the period of the war, is merely the agent of the government. He either negotiates with the government for a satisfactory price for the use of his organization and his plant, or he takes a contract like any agent on a commission basis. Under these changed conditions there is no occasion for any strife between employers and their employees where government contracts are involved. The government must determine policies to be followed by both employers and employees.

I do not for a moment mean that labor should be conscripted, for that is unthinkable where private profit is obtained from human labor. The time has come, however, when the government must say to employers, "If you take a government contract you must take it upon such and such terms. In this emergency all skilled mechanics must be used, whether they are union or non-union men; you cannot discriminate against either, you must pay them certain wages and you can work them not more than sixty hours a week." The welfare of the nation demands that the standard of living of our people must be maintained while we are fighting for democracy, and their health and efficiency must not be destroyed by excessive hours of labor. At the same time, the government must say to the workers, "The nation requires the best you have, regardless of whether you are a member of a union or not. We do not tell you where you must work, or at what trade; make your own choice, but wherever you work these are the wages you will receive in your particular craft and these are the minimum and maximum hours you will be required to work. Your interests have

been protected, for the wages and conditions have been fixed only after careful investigations in which your union representatives acted in coöperation with representatives of the government."

In order to fully protect its citizens the government also says that through the Labor Department it will have made careful studies of any changes in the cost of living and readjust the wage scale in proportion to any increase that may take place.

If we are to have the same experience as other warring nations, as time goes on government contracts will require the full capacity and energy of the nation, and private contracts will play a small part in industry. So far the government has been feeling its way in this untried experiment of mobilizing labor, and the result is still chaotic. Six or eight various departments have each followed their own particular method of dealing with labor questions. As a rule, so-called boards having limited powers have been created within each department, such as the Army, Navy, Shipping Board and others. These boards are composed of government representatives and representatives of organized labor. The result has been that no definite standards have been set and these departments, as well as contractors, having both government and private work have been allowed to bid indiscriminately against each other for men, causing a rapid increase in wages; but what is more important, this lack of method has seriously reduced efficiency by creating an abnormal "labor turnover." Manufacturers state that it requires much time and costs fifty dollars to break in a skilled mechanic to a new position, so one can imagine the loss of time and dollars that is going on daily, owing to the fact that thousands of men are being enticed from plant to plant or industry to industry.

An example that has come to my attention recently is this: by much effort and expense three hundred boiler makers were taken from some non-essential trades near St. Louis and sent to shipyards at Seattle. They were only there a few weeks when inducements were offered them to leave and go to St. Paul to work on refrigerating machinery. Railroad efficiency is being rapidly reduced by the men in their shops being drawn into other industries while highly skilled men in certain textile mills having government contracts were taken away by companies manufacturing talking machines, owing to the higher wages offered. Such methods only add to the confusion. They do not increase the number of skilled men avail-

able, but they do seriously destroy all efficiency of production. The workers become dissatisfied and restless and drift from plant to plant trying to improve their condition. In times of peace under normal industrial conditions this is harmful but in time of war it may become fatal to the national cause. Neither contractors nor workers are to blame for the condition. The forces at work are too large to be handled by any individual or association. The government of the United States is the only agency with sufficient power to deal with the problem. The longer it is allowed to run unchecked the more difficult will be the task of mobilizing industry.

All government departments and contractors must come to approximately the same wage scale for the same service, if we are to have any stability in industry during the war. The War Industries Board will be forced to cut off all supplies to private manufacturers who exceed the wage scales set by the government boards. Over the various departmental boards there should be one supreme board to lay down general principles and conditions for the guidance of the inferior boards so that uniformity in decisions may be brought about. Such a supreme board could also act as a board of appeal from the decisions of the departmental boards.

There is one other piece of machinery which is now being developed and which must come into general use before labor can be properly mobilized. Secretary Wilson, through the Department of Labor, is opening federal employment bureaus in many places. These must be rapidly extended and all employers must be required to apply for workers to these bureaus, and all those seeking positions must be compelled to register at the bureaus. As long as private employers are permitted to arrange with men to leave their jobs and come to them, they will continue to raid each other's establishments notwithstanding agreements to the contrary. It is only through such public employment bureaus that labor can be properly distributed and a surplus in one place shifted to supply the shortage in another. Promiscuous advertising by employers in newspapers in distant cities is no guarantee that the men may not be drawn from equally important industries or that those who answer the advertisement are skilled in the trades required. A large number of men may respond to an advertisement when a comparatively small number is needed, thus increasing the present faulty distribution of labor. These federal bureaus can be in touch with condi-

tions in all parts of the country and in all industries. Agents can be sent out who can examine the men, properly classify them, and see that they are taken from only non-essential industries. Such bureaus will prevent the loss of much time by men seeking employment, and do much to properly distribute the skilled labor required.

To sum up, there are two forces, at present, working against the mobilization of labor; first, the competitive bidding for labor by governmental departments and private contractors, doing both government and private work; second, the unequal and poor distribution of labor. These two difficulties can only be overcome by the patriotic coöperation of plant owners and works; first, in assisting the various government labor boards in establishing a national standardization of wages, hours and conditions, thereby removing all inducements for changing a place of employment; second, in encouraging and supporting federal labor employment bureaus, for the proper distribution of labor throughout the nation. Unless these means are taken, labor cannot be mobilized, and without stabilized labor, industry cannot be mobilized.

The views herein expressed are the result of eight months experience in attempting to adjust wages, hours and conditions of employment in the shipyards. We have heard the employers and the men from practically all of the one hundred and thirty yards, from Bath, Maine, to Houston, Texas, and from Los Angeles, California, to Seattle, Washington. We have inspected many of the largest yards. We have found human nature about the same whether we were dealing with representatives from the Atlantic, Pacific, or Gulf coasts, or whether it was a shipyard owner or a representative of the workers, who came before us. We have not been surprised, therefore, when our decisions have frequently been as forcibly criticized by one group as by another. We have been described as anarchists, capitalists and theorists. We soon learned, however, that "adjusting" did not settle the problems presented to us. To meet the situation, standards had to be "fixed" and made to apply universally over a large area. This has finally resulted in our establishing only two scales of wages, with merely slight differences, one for the Pacific coast, and one for the Atlantic and Gulf coasts. Our greatest difficulty has been to get people to think in national terms instead of local, in terms of industry instead of the point of view of their shipyard or their craft.

To win the war we must forget many of our peace traditions and prejudices, and fearlessly adopt war measures. Above all, we cannot hesitate to act because we are afraid of what may happen after the war. If we do not win, there will be little left to strive for. To win for democracy, no price is too high, and no sacrifice too great.

### HOW ENGLAND MEETS HER LABOR

BY MRS. J. BORDEN HARRIMAN,

Advisory Commission, Council of National Defense, Washington, D. C.

In fighting for democracy abroad we are gaining two of the biggest democratic principles at home. The first is the recognition of the rights and dignity of labor, and the other is women's freedom, because never before have we so clearly realized that the output of the machine is just as essential to victory as the gun at the front; and for the first time in the world's history mankind is looking to women to do specific and concrete tasks that are constructive as well as preventive. Every avenue of work is now open to women, and not only that but the whole world is expecting women to do that work well; for the first time women in industry are occupying just as dignified a position as men in industry.

Substitution of skilled labor for unskilled, or women taking the place of men, has not as yet come into as common use here as it has in England, and probably never will because of the fact that there is a much larger percentage of men to the population in this country than in England. At this moment 1,413,000 women are replacing men in industry in England in three kinds of substitution. One is direct substitution, where women replace men directly (this is not very common in skilled trades); and the other is indirect substitution, where women replace unskilled or partially skilled men so that they may be released to take the places of skilled workers who are called to the colors. In the latter case the women are generally lost sight of because of the attention concentrated on the skilled workers.

Then there is what is called group substitution, where a group of women take the place of a smaller group of men with a re-arrange-



ment of the processes. Women, with the help of improved automatic machinery, are able to do the work previously done by fully skilled workers. This is the most important means by which the labor of women has been introduced in England.

Processes are greatly modified in some cases. If a woman, working a machine next to a man working a similar machine, is not getting equal pay for what seems to be equal work, one is told that the process has been modified so as to suit the woman. During the war women have been brought into many processes which before were deemed unsuitable for them.

We have much to learn from the splendid precautions that have been taken as to the health of the workers in England, but those precautions were not taken at first. England has learned through experience that it pays better for the nation to conserve the health of her workers than to work them too long hours and at dangerous trades without proper care.

I went to several filling factories while in England and remember one that impressed me a great deal because it was the first one I had visited that consisted of a number of small houses, with only six or eight people working in each. They are separated from each other, so that in case of an explosion the whole factory is not endangered. These factories are all divided into what are called clean and dirty areas, and the houses are connected by wooden walks, which are the clean areas. When a visitor arrives he is required to go into the dressing room of the dirty area and leave his boots and put on shoes which are provided, so as to avoid taking out any of the dust which might be picked up on the floor.

These women workers are really in danger just as the men at the front are, especially those working in the T N T factory. Each factory has a hospital, and we saw in the wards persons in different stages of T N T poisoning. In the early days of the war it was very difficult to recognize T N T poisoning, and sufferers would very often be well advanced in the disease before they were taken care of, and in most cases it was too late to do anything for them so that they died in a very short time. Even now the medical profession is divided as to how the disease is contracted. One school in England thinks it is from absorption through the skin and another thinks that it is breathed in, but still they are watching the workers so closely that the percentage of deaths has been cut down

very largely. The tetryl poisoning, which is not a severe disease and very seldom causes death, produces irritation of the skin and great trouble with the eyes. Great care is also taken to prevent this form of poisoning, and the workers are made to cover their faces with a lotion before they go into the rooms where they handle the tetryl powder. I am told there are by far fewer cases of illness from that than formerly on account of the care taken.

When England first went into the war she had no conception, as we all know, that it was going to last more than, perhaps, a few months—that was her optimistic hope. A great number of workers were therefore thrown into towns where after a short time there was no possible way of taking care of them. They could not find rooms, and great hostels housing 600 and 800 and a thousand girls at one time were built. In many places those hostels are still in use. But the members of the Ministry of Munitions said to me over and over again, "Do when you go home impress on your nation that we made a great mistake, also that the chance of building up communities was lost and that those hostels are not satisfactory. The girls don't like them; it is not a good way to care for the girls. Beg your people not to build them."

On the border of Scotland, there is a big city ten and a half miles square, where they have almost attained perfection in housing the workers. They have built little brick houses where eight and ten girls and a matron live, and they are perfectly happy and contented. They have also done what I hope so much we will try to do here, and that is they have made a community centre, where a man when he is tired after working can go and get his bath, read his book in the library or go and play games. Everything is under one roof, instead of being spread about, as is the case in so many of the garden cities in England, with a bathing establishment in one corner of the town and a library in another and a schoolhouse in another, and so on.

There is much to learn from England, but more than anything else, more than the great welfare department can teach with all its statistics and the splendid work that the welfare supervisors are doing and have been able to do—more than anything else is the spirit of England that is behind all the work that is being done by all the men and women. The spirit of the Tommies, the endurance of the Tommies, is one of the most extraordinary things of this

age or any age, but it is in no way greater or more admirable than that of the women—the women, who in so many cases have lost every one in the world who belonged to them, and who have submerged their personal feelings into the great sea of their country's need—thousands and thousands of them who go out every morning and sometimes every evening into the factories, into all kinds of work all over Great Britain, and thousands and thousands of them over in France helping the work of the army—these women who are living every day in dread of what the day is going to bring to them.

I stayed in one factory a little while with the Welfare superintendent, where 25,000 women are at work making big shells and Horwitzer guns, and during the hour that I spent in the Welfare manager's room there were three women who came in, in turn, in great distress and each of them went up to the Welfare manager and whispered to her. She afterwards said to me, "Those women are asking for two days off. They have just told me that their son or their husband has gone West and they want two days to themselves." She said, "They are but a part of the steady stream that is coming all the time—it never stops, it is unending. In the two years and a half that I have had charge of this work at this factory I have never known one of these women to ask for a longer time or ever make a bid for sympathy of any kind.

Those women and the men too are living today in London under the most distressful conditions. They are living in the constant dread of air raids, which are very discouraging and not in the least attractive. In the west end of London one has every comfort, but in the east end of London, after an air raid there seems to be nothing but carnage left in its wake,—poor mothers and their little dead babies and people who in great illness and weakness have had to be dragged from their beds and taken down into the underground railroad or to some place for shelter, some of whom have contracted pneumonia because they were not fit to go out at the time. This is what follows in the wake of an air raid.

In the factories the women on the night shifts are taught when they first come in what to do in case of the alarm of an air raid. This winter there were weeks together when the alarm of an air raid was given practically every night. A great many nights they did not come quite to London and they did not drop bombs, and the Home Defence did not make the dreadful noise, the continuous

noise which I heard there one time for four hours without stopping with the shells dropping in the streets. It is quite as dreadful, and even more alarming than the sounds of bombs dropped by zeppelins.

These women are taught to gather in groups of ten or twelve and each group has a leader. Then they are marched out of the factories into a kind of underground tunnel that runs alongside of the wall. There is just room enough for them to stand up, and if they are very tall they sometimes find it more comfortable to lie down. Very often during the summer time a great many of them fall into a faint due to fright. One of the Welfare managers told me they had found that to prevent fainting and hysteria among the girls, to have them sing hymns was very often effective. This is the way they spend their nights.

Very often men and women coming to and from the factory are struck by pieces of shrapnel and killed or maimed. A man said to me the other day, after I came home, "I have just had a letter from my wife. We have five children, and the other morning about twelve o'clock my wife was giving some orders at the market in the village, and as she looked out the window she saw four zeppelins sailing toward the house. We live on the road to London. Suddenly she remembered that four of the children were out of the house. The baby is very young, so he was safe; he was indoors. After the raid took place and bombs were dropped in that neighborhood, the children could not be found and brought in until the raid was over, and then they discovered that out of the four only one had been wounded. His shoulder and his arm were wounded so that he will probably be maimed for life." This husband is a newspaper man over here now. They are not people of means and they have no cellar to their house, and cannot afford to move, so the mother now lives in daily dread of the return of the zeppelins, and wondering if her children will be safe while going to school or going about.

Then too, the population of London is completely underfed. On my last visit toward the middle of March there were many people of my own class who told me that they went to bed hungry at night. That sounds like an exaggeration, but it is not.

On all sides one hears the most pathetic tales and sees the most pathetic sights in England today just as well as at the front, but what I want you to realize most is that those women and those

men over there are simply war weary, and though some people have called it pacificism, I feel assured after spending some time in London that it is just war weariness—that these people have a spirit that is so beautiful that it is beyond words to express; that they are standing with their shoulders to the wheel; that they are standing fast behind their government and that every single, solitary woman and man in the whole of England, from the little girl of twelve or fourteen wearing her brown cotton smock and running on errands as a messenger for the government departments, is organized today for war, and that is what we must do in this country.

"BUSINESS AS USUAL"

BY EDWARD A. FILENE,

Boston, Massachusetts.

The certainty of victory and the length of time it will take to win it will to an important degree be determined by the extent to which the American people are willing to economize in personal expenditures. "Business as Usual" is a bad *war* policy, a bad *business* policy, and a bad *labor* policy. It distorts the nation's perspective and postpones the day when we shall see, to the last man of us, that the one business that now matters is winning the war and organizing a durable peace that shall give free and fearless play to the creative and constructive energies of the world. The restriction of personal expenditures to necessities will enable the country to concentrate its entire productive power on the things essential to winning the war. I am profoundly convinced that in making this statement I am true, not only to the best interests of my country, but to the best interests of my class—the business men of America. War will produce more business than economy will curtail.

On May 31 of last year I gave to the press a statement along these lines. The statement evoked from some quarters criticism as bitter as the agreement with it in other quarters was pronounced. Succeeding events have confirmed my belief in the soundness of this statement. I was not *then* in sympathy with such appeals as were being boldly spread broadcast urging people to keep right on spending as usual and branding economy as a sort of business treason. I



am not *now* in sympathy with the more subtly written advertisements which, while seeming to take into account the demands of war time, nevertheless dull the edge of the appeal being made by our government for thrift and economy. I do not for one moment think that such appeals are in many cases prompted by selfish motives. There is no class of men who, in my judgment, are more ready to make patriotic sacrifices than business men.

The campaign for "Business as Usual" was launched at the beginning of the war by men who sincerely feared that widespread economy would cripple the war power of the nation by cutting down the volume of business, reducing the demand on producers, throwing men out of employment and disturbing the business and financial morale of the country generally.

But events are illustrating daily better than any arguments can prove it, that a "Business as Usual" policy will prolong the war and hamper the fighting effectiveness of our nation every day it is practiced. Business has but one job today and that is doing the thing that will bring victory at the earliest possible moment. And business cannot serve two masters. Even before our entrance into the war our productive capacity was taxed to the limit. We simply cannot fulfill all the added demands of war and at the same time satisfy all of the appetites of peace. Our job is the business of war—not business as usual.

War demands not only an organized army but an organized nation, and both must be organized to the same end. The entire United States must be organized into a combination of factory, training camp and shipyard. And every day that unnecessary private demands for luxuries and those things which common sense people know are not necessary for their every day lives prevents our factories from being converted into war supply plants, and diverts labor from war essentials to non-essentials, by just that much postpones a satisfactory ending of the war.

England went about business as usual at the beginning of the war. After a long period of wasted blood and treasure and tragic inefficiency, she learned her lesson. Through government action, England's business has been divided into two classes—essential and non-essential. Notice was served on almost all non-essential business that it must move up into the essential class. The volume of English business has not been decreased but it has been directed solely to the job in hand.

Upon our entrance into the war, England and France sent her commissioners to tell us, out of their experience, how to avoid the pitfalls that beset a democracy going to war. We dined and applauded these distinguished guests, but the finest appreciation we can give them is not to let their counsel go by default. The question America faces is just this: Shall the *voluntary economy* of the people make it possible for all American business to become essential business, or can that end be reached by *drastic government action* only, and after a long period of wasted life and money and needless inefficiency? We have enormous resources, but they are not infinite. We must now examine all production and distribution in the light of its ultimate contribution to the winning of the war. If business becomes a slacker through holding on to non-essential production and selling, it will have to be *conscripted* for essential service.

Some business men who, at the beginning of the war, urged business as usual did it from the fear that if personal economy were preached by the rank and file of business men, the habit of restricted buying would get abroad so rapidly that the retrenchment would force a readjustment so quickly as to spell disaster. I did not then and do not now share that fear. The public cannot be converted over night. In the main, prosperity or adversity, much buying or little buying, are not controlled finally either by campaigns for economy, or by paid advertisements urging business as usual. They are caused in the main by natural economic laws. Preach economy as vigorously as we may, we can be sure that the public will move slowly enough to prevent a panic in readjustment.

I emphasized this point in the statement which I made last May—the soundness of which seems to be borne out by the present statistics and estimates regarding our savings. A recent study of Government Loans and Inflation by Howard S. Mott, vice-president of the Irving National Bank of New York says that:

Our gross annual income in 1917 totalled about fifty billions of dollars. Out of this total, it is estimated that our savings ranged from six to ten billion dollars. . . . It would be surprising if the figures of gross annual income of all savings in 1918 should equal those of 1917. Certainly it does not seem safe to count on normal savings this year of more than six billion dollars. *Especially does this seem to be true considering the inadequate scale on which individual economy presently is practised. The only way in which total savings can be increased lies in the direction of unusual efforts to reduce consumption.*

Mr. Mott also points out that the second liberty loan cannot be said to have been paid for out of current savings. He says:

During the period when subscriptions to the second liberty loan were being taken, the banks provided an easy method of subscribing by making loans secured by the bonds as collateral. Up to date, a comparatively small proportion of those loans has been reduced or paid for. When the loans were made, the expectation was that reductions in amount would be made fairly rapidly out of future savings, so that the total would be dwindling to small figures before the next bond issue should be made. It now appears that we shall enter the campaign for subscriptions to the third liberty loan with a considerable volume of such loans still outstanding.

If the space permitted, I could bring together numerous quotations from the most conservative of our business men that indicate an increasing realization of the fact that the concentration of our productive energies upon the supply of war needs and the sound health of our financial life can be secured in one of two ways only: either our business will be redirected to the production and sale of essentials by the voluntary and gradual economy of the people, or it will have to be done later by increasingly drastic methods of government control.

The one thing that will break the vicious circle of war taxes, luxury and waste, rising prices, reduced governmental purchasing power, and back again to more taxes or bond issues, is sane economy on the part of every American. Thus economy not only adds to the war power of the nation but lightens the burden of taxes to the individual.

Some of the men who have preached "Business as Usual" have based their appeal partly upon the fear that economy would throw many people out of employment. Some had visions of hundreds of salespeople being thrown out of our big stores, skilled workmen searching for jobs—in fact labor in general demoralized. But the facts to date prove that there is more than enough work for all. With the prospect of two to five millions of men being withdrawn from business and industry for the army and with the enormous added demands for war supplies, the outlook is that our problem will not be finding jobs for workers, but finding workers for jobs. And just here, this brief statement of mine touches the issue of labor efficiency. Reduced to the simplest terms, labor efficiency in war time means three things:

**It means the releasing of labor from all non-essential jobs for work upon war materials.**

**It means the squarest of square deals for the workmen who are turning out our war materials.**

**It means the stimulation and conservation of labor efficiency by every practical means.**

From the employer's point of view, that means an adequate system of employment management which shall see to it that the conditions under which men labor, the length of hours they labor, etc., shall be such as will conduce to the maximum of content and efficiency; it means mutual fairness of counsel between capital and labor in the adjustment of wages; and it means a sense of dedication to a great end both upon the part of employer and employee.

In the appeal I have made for economy and in the attempt to show the fallacy of business as usual in war time, I have concerned myself with the one thing outside of drastic government action which, in my judgment, will make possible the release of workers from non-essentials for work upon war essentials. But aside from all these reasons, a rigid regime of economy will do this notoriously wasteful nation a lasting good. It will do democracy's wilful stomach good to go on a war-time diet. It will reduce the waist-line, clear the eye, and harden the muscles of the nation. We have the chance to shift our whole national life from an extravagant to a healthy and sane basis at the time when government demands will make up for the curtailment of individual expenditure, and thus prevent business disaster.

The time has come when the government also should face the situation more boldly. When it is clearly shown that any type of business is depriving the country of materials, supplies, labor or transportation needed for winning the war, then the government should stop such business unless it can be transformed so as to deal only with essentials.

Of course, in all this throwing of our nation into a war machine, in all this giving of war demands the right of way, certain individual businesses must of necessity suffer, just as in the army certain individual soldiers must be wounded and certain soldiers make the supreme sacrifice.

**But such business suffering should be reduced to a minimum. In such cases justice demands that fair compensation should be made to the owners, who, in the pre-war period, invested their**

capital and time legitimately and who ought not to be made to bear alone the burden of an unforeseen governmental requirement which is needed to win the war, and is, therefore, of the utmost use to all our people.

However costly such compensation may be, I believe that careful analysis and experience will show that it will result in a net gain to all concerned. With this measure of justice added to the inherent patriotism of our people, the cry of "Business as Usual" will wholly disappear and be replaced by "Winning the War for Lasting Peace—Our Only Business."

### THE MAINTENANCE OF LABOR STANDARDS

BY J. W. SULLIVAN,

American Federation of Labor.

However brief, any discussion of standards of wages, hours and work-place conditions would be incomplete without some consideration of the economic influences determining those standards. It may not be difficult to form an abstract opinion as to the lowest general level which standards ought to reach, but there will remain the trouble of particulars.

That in practice there should at least be a living wage, general sentiment will usually concede, but discussion by the buyers and sellers of labor power will grow heated as to the point at which the wage rate falls below the living line as well as to the point at which the wage must mount with the profits of the employer and the skill, habit and expectation of the various classes of wage-workers concerned.

The hours of the workday in any occupation, civilized society holds, should not be so long as to wear out working men, women or children, but while physiologists, and sociologists in general, bring forward facts to show that the eight-hour day in the course of the year results in fewer accidents, a larger output from the factory, and a less general wear and tear on the workers, the arguments supporting these points do not deter a large body of employers from insisting upon the ten or twelve-hour day.

Work-place conditions may be studied, either with the purpose



of making them fair from the union point of view or of improving them through the benevolence of welfare effort, yet on the whole there may remain serious neglect by employers of industrial and structural safety, fire prevention, injurious exposure to dust and fumes, and the baneful effects of bad sanitation. Neither reasoning as to social good nor agreement on ideal standards succeed in practical application as against the contrary influences of unfavorable economic factors.

In all industry, second to the production itself, the factor most important in settling standards is the supply of labor. That part of the employed class having a voice in the social management of labor—the organized—strives to prevent competition when there is a surplus. The employer bent upon breaking down standards established by trade unions finds reasons for doing so both when there is an oversupply and a scarcity. So far as he can, when there is a surplus, he plays the unemployed against the employed, and when there is a scarcity or alleged scarcity he pleads it as an excuse for opposing established union regulations and suspending protective labor laws, for cheap labor he must have and there is a reservoir of it in young children, poor women and half-taught mechanics.

A year ago the Council of National Defense and its Advisory Commission jointly approved of a resolution relating to labor standards that had been adopted by the Executive Committee of the Council's Committee on Labor, which found it necessary ten days afterward to issue an amplification of the terms of that resolution. In the words of the resolution, the call upon the council was to "issue a statement to employers and employes in our industrial plants and transportation systems advising that neither employers nor employes shall endeavor to take advantage of the country's necessities to change existing standards." In the amplification, it was believed "that no arbitrary change in wages should be sought at this time by either employers or employes through the process of strikes or lockouts without at least giving the established agencies, including those of the several States and of the Government, and of the Mediation Board in the transportation service, and the Division of Conciliation of the Department of Labor in the other industries, an opportunity to adjust the difficulties without a stoppage of work occurring."

These expressions of the Council of Defense had some good effects, but strikes and lockouts occurred during the year and serious

apprehension of them continued to be entertained. New declarations of duties under the war emergency, and extended machinery by which the duties might be carried out, were called for. After conferences by officially appointed representatives of wage-payers and wage-workers, the President this month approved of the creation of a National War Labor Board and outlined its powers and duties. As recommended by the conferees, the first principle to be observed, applicable "in fields of production necessary for the effective conduct of the war, or in other fields of national activity in which delays or obstructions might affect detrimentally such production," was, "There should [should—not shall] be no strikes or lockouts during the war." While recourse for conciliation and mediation was to be had mainly through the machinery of the Department of Labor, the same as under the resolution of the Council of Defense of a year ago, the rights of the two sides were more explicitly recognized and the powers, methods and functions of the new board were fully described.

In substance, the main objective, the foundation principle, in the action on the matter of standards by the Council of National Defense of a year ago and by the War Labor Conference Commission of this year was the same, "There should be no strikes or lockouts during the war." The year has witnessed no change in the principle, though more minutely described provision is now made for the mechanism of its operation. Improvement may be expected through the largely increased functions of the Department of Labor and its connections throughout the country, and of the railroad and other labor commissions now established, but experiences of the year justify a suspension of entire confidence in every probability of faithful observance of the principle by those employers who have been accustomed to seek profit in either labor surplus or labor shortage and to oppose the standards of organized labor.

From the principle that there should be no strikes or lockouts arise obligations to both the sides immediately concerned. The first obligation is to acknowledge clearly the principle in the words in which it was formulated. Then that principle imposes on the employers the obligations, first, of maintaining at least the level of pre-war real wages; secondly, of restricting the hours of the workday, especially for women and children, to a duration which will not result finally in social injury; and thirdly, of establishing the work-

shop conditions now commonly recognized as requisite for human beings.

The last year has its lessons in respect to evasion of these obligations. To begin with, the principle, "There should be no strikes or lockouts during the war," as announced to the American public in the press publication of the resolution of the Council of National Defense, was distorted in many newspaper headlines by variation on the words "Gompers Promises There are to be No Strikes During the War." The twist thus given to this step for industrial peace gave discouragement to the organized wage-workers and hope to the employers opposing them. The opposition employers' army of manœuver, whose leaders build up influences intended to bear finally upon standards, were given a good start in a new attack on the standards already established, largely through the trade unions. Of course President Gompers would not and could not make the promise attributed to him, but it took months of explanation in many interviews and much printed matter to set aside the erroneous interpretation of the Council's action and labor's agreement therewith.

The next and most important manœuver of the Black Horse Cavalry of the employers was to impress upon the general public the belief that there was a scarcity of labor and hence a necessity, on the score of patriotism, to suspend laws and customs protective of labor, including the labor of women and children. Editorial articles innumerable were published assuming the labor shortage, usually containing no facts in proof of the assertion.

The industrial labor supply situation was, in brief, this: there was some scarcity in branches of production having their origin through the war and in districts drawn upon by munition plants or army and navy construction work, reducing in certain regions the average yearly general unemployment, but at the same time there was an enormous country-wide displacement of labor in occupations detrimentally affected by the war. An unjustified farmers' labor panic was spread over the country as a sequence of the shortage cry, a situation speedily followed by preparations for supplying farm labor made by the Departments of Labor and Agriculture, by state and municipal labor and other agencies and by numerous local organizations which adopted methods suitable to the emergency. In so far as any operators of general farming reduced their working

acreage as a result of that panic it was due to the false or exaggerated alarm of labor shortage, the promoters of which in that work gave help to the Kaiser.

In some dark corners of the woods the impression still prevails that there is throughout the country an insufficient industrial labor supply. The continued scarcity of labor agitation was accompanied by demands from employers, singly or in groups, for the abandonment of the eight-hour workday; for the suspension of laws relating to working hours of women and the working age of children; for the employment of women in men's occupations, and for a widespread dilution of skilled by unskilled labor. For a time many employers seemed to think it was only necessary to apply to the Council of National Defense for a removal of legal labor restrictions to have the request granted. Bills for the suspension of labor laws were introduced in the legislatures of several of the leading industrial states—New York, Massachusetts, Connecticut, Illinois. But eventually the fact of the persistent unemployment and distress among hundreds of thousands of the wage-workers of the country could not be gainsaid. The employers' army of manœuvre on that point at last failed.

Another move was the assumption that a *status quo* had been agreed upon in the resolution of the Council of National Defense, with the interpretation that among other activities organization should be suspended by the trade unions. No such term occurred in the resolution or its amplification; no such thought was expressed when either was considered in the Committee on Labor; and no such idea was accepted by the trade unionists. In joint meetings since, wage-workers have been obliged many times to convince the wage-payers' representatives of these facts.

Under their *status quo* thrust it was taken for granted by anti-unionists that there was to be no attempt by unionists at organizing non-unionists or at employing the usual methods for making effective any demands for union standards. The trade unionists were obliged to put an end to these claims.

There are to be noted other modes of attack by the anti-union employers who have steadily assailed organized labor at various points on its front lines. At the present moment there is clamor for the conscription of the labor of the towns to be seen "idling" at the places where young men who are not members of clubs congregate.

The fate of these men is hard; their community, which does not provide them with work, threatens to punish them for having no work. There is also a "must work" movement, effective through statutory law. The state, which provides no work, tells the citizen that he must report weekly that he has worked. "No strike" laws are debated in the legislative bodies. He who has had no work, but who has been obliged by law to work, must surrender his right not to work, no matter how intolerable the conditions. When certain union carpenters recently found work in shipyards they were refused employment, and when their proper official demanded that shipyards should not be closed to union men, the press speedily made him an unpopular national character. Then the President appointed him on the War Labor Board, wisely.

The "turnover" and the "try-out" statistics of the last year are astounding. The wage-worker who cannot find work at his own occupation and has been hastily turned over and heartlessly tried out a dozen times at strange and difficult work, often with no shelter and on Chinese grub, and who has spent his savings travelling from place to place seeking work, and finally goes to his home town to feed up, is told he ought to be conscripted or be made to report to the authorities that he has done the week's work he could not find, or he ought to go to jail.

The fight against union labor in the courts has continued. Against dissenting opinions the principle has recently been established by a court decision that employers may take away from workers the right to associated action; that wage-payers may declare that wage-workers cannot obtain employment unless they sign away their legal and social rights; and that when workers sign away these rights the right of association is barred them forever.

These are mere glances at some of the economic influences which bear upon established standards. Anti-union employers are interested in creating or strengthening those influences, to which in the end, if they prevail, fair employers in general must give way.

It is well for this country that our government in its wisdom has decided to accept for its work the standards, and their interpretations, that are quite uniformly upheld by those whose lifework includes a study of the welfare of mankind, and not the standards of those to whom the labor question is subordinate to the declaration of dividends.



Public clamor is daily stirred up against the strike. It is only reasonable to recall to mind, once in a while, the injustices, the hostilities of opponents, the acts bordering on treason, which drive organized labor to that last resort, the strike.

No other plan for the stimulation of labor efficiency equals fair treatment of the wage-worker. The American workman may be trusted to do his best when justly paid, when not "all in" two hours before quitting time, and when his employment is in a tolerable environment. Give him these desiderata and he needs no preaching on his duties. He will join heartily in studies of reasonable efficiency, he will on call jump into the trenches or tackle the worst job in any unavoidable heat, dirt, noise or danger. He will heartily join the lookers-on in the shouting not only for patriotism but for industrial peace.

### PROBLEMS IN INDUSTRIAL MOBILIZATION

By H. G. MOULTON,

Associate Professor of Political Economy, University of Chicago.

The war has developed no more interesting and no more perplexing problem than that of the non-essential industry. From the very beginning two schools of thought have vied with each other: the one has urged that if we are to prosecute the war successfully we must practice the most rigid economy, not so much for the purpose of enabling us to buy bonds and pay taxes as to release the labor power and the machine power ordinarily devoted to the production of non-essentials and to enable such productive energy to be diverted to the creation of the indispensable materials of war. The other school has contended that, while some readjustment of industry is doubtless inevitable, such readjustment should be reduced to a minimum in order that the wealth-producing capacity of the country may be adequate to the requirements of war finance. It appears like an axiom to people in this group that since taxes must be levied and liberty bonds purchased, the more *all* businesses prosper—pay good wages and yield large profits—the more effectively will the nation be able to pay the cost of the conflict. The membership of the first group consists of the United States Treasury Department and most

of the war organizations in Washington, practically all the economists of the country, many prominent men in all walks of life, and a few of the newspapers. The membership of the second group comprises, or has comprised until very recently, a large percentage of the business men and the influential press of the country.

The purpose of the present paper is to indicate the causes for the fundamental differences of opinion that prevail. In brief, it is believed that the causes lie (1) in the camouflé nature of the monetary organization of society; (2) in the distance from the scene of conflict; and (3) in the complexity of modern industrial society.

#### DOMINATION OF THE MONEY IDEA

Since April, 1917, the American people have faced a veritable barrage fire of argument—both verbal and written—designed to show that wars are won by money and credit. "Money, more money and still more money," said Napoleon, "are the three prime necessities of war." "Dollars will defeat the Kaiser," has been the dictum of the hour. It was hardly to be expected that the rank and file of speakers among the Four Minute Men would be able to distinguish between money as a means to an end and money as an end in itself; for amateur economists have argued that a prolonged war requires the gradual conversion into liquid credit instruments of all the wealth of the nation both in its circulating and durable forms;<sup>1</sup> and even some professional economists have been much at sea in connection with the potency of credit as a means of war finance. It is the very general assumption of the American people that money will buy anything. As a metropolitan newspaper declared about a year ago, "No one need ever have any fear of a food shortage for money will always buy food." Similarly it was assumed that if the government had money, no one need ever have any fear that it would not be able to obtain the requisite supplies somewhere. "Money will always buy supplies."

Of course, the effective answer to this notion that money is the thing of predominant importance is to be found in the statement of the Treasury Department early in December that although the government had two billion dollars to spend for war supplies in the two months of October and November, it was able to spend less

<sup>1</sup> See A. D. Welton, *Saturday Evening Post*.

than one billion dollars for the reason that the supply of available materials was thus limited. The figures made public by the War Department on January 31, 1918, show that exclusive of loans to our Allies the government planned to spend during the fiscal year ending June 30, 1918, \$12,316,000,000, but that it had been able to spend in the seven months from June 30, 1917, to January 1, 1918, only about \$3,150,000,000.<sup>2</sup> In seven-twelfths of the year the Treasury had spent only three-twelfths of what it had planned to spend. With unlimited money and credit at its disposal the government could not buy the supplies needed for the simple reason that not enough energy had been devoted to their production. Money (the excess money) was a drug on the market, impotent as an instrument of warfare.

And yet despite these lessons from the past few months the oversubscription of the third liberty loan is looked upon by the rank and file as one of the greatest achievements of the war to date; it is celebrated by the blowing of horns and the ringing of bells and by great parades throughout the country. What is in fact one of the easiest of the problems associated with mobilization for war is thus regarded as the paramount task of the nation. And it is of course now generally assumed that all that is necessary for us to do in the coming months is to spend our time in making more money to the end that the next liberty loan may likewise be fully subscribed. The almost universal confusion of money with wealth, together with the incessant emphasis on the government's need for money, has served to draw a veil over the real requirements of effective warfare.

Now if instead of living in a highly complicated industrial world dominated by money and profits, we were still leading the simple life of the primitive community which supplies its wants by direct processes, I think we would have realized immediately upon the outbreak of the war that we could not fight a powerful enemy effect-

<sup>2</sup> The evidence is reasonably clear that the Treasury Department did not fully appreciate the difficulties of spending the money raised. During the first nine months of the war the Treasury Department proceeded on the assumption that all of the money that could possibly be raised should be promptly drawn to the Treasury. In many instances the sweeping of the market clean of investment funds hampered essential lines of industry. This was unnecessary in view of the fact that the government raised more revenue than it could immediately use. In other words, there was not a proper coordination of income and outgo.

ively and at the same time devote nearly all our activity to ordinary business and pleasurable pursuits. We would have recognized that our main energies must be absorbed in the actual fighting and in furnishing the materials and supplies necessary for effective warfare. It is only under a regime of money that the real essentials are concealed.

If a campaign of education had been inaugurated early in the war similar to that carried on for propaganda purposes, we might by this time have had a real appreciation of the fundamental industrial requirements for war and of the precise role which money does play in connection with the mobilization of our resources. The experiences through which England passed were on record and available for our use. The war savings campaign in England during the third year of the war had been conducted quite as much to teach the masses some simple principles of war economics as to raise revenue through the sale of savings stamps. True, within recent months we have had our own war savings campaign, and with succeeding bond issues emphasis has been shifted more and more to the importance of economizing. But during the first six months of the war veritably nothing was done along these lines and during the second six months there was accomplished only a tithe of what might have been achieved by a really thoroughgoing campaign of education.<sup>3</sup>

<sup>3</sup> It is interesting to note in this connection that it was not until May, 1918, that the Council of National Defense would indorse a thrift campaign. It is significant also that for more than a year after the outbreak of the war, the Commercial Economy Board stood for business substantially as usual, holding tenaciously to the idea that the business fabric of the country could be maintained and that the excess production could be obtained through the introduction of economies in commercial lines. The impossibility of rapidly introducing improved methods during a period of general disruption, coupled with the dearth of scientifically trained men capable of introducing the economies, is sufficient to render this method of obtaining the additional supplies required, an almost negligible factor,—negligible, that is, when one thinks in terms of billions of dollars of supplies. The impotence of the measures of such organizations as the Commercial Economy Board to accomplish large results, may be seen from the recommendation to shoe manufacturers in April, 1918, that in order to save capital and materials for war uses, women's shoes should be confined to five colors and in no case exceed nine inches in height measured from the breast of the heel,—and this at a time when many women's organizations were demanding simplification of styles.



## MISJUDGMENT BECAUSE OF DISTANCE

The second cause of misunderstanding of the situation is the great distance from the battlefield. If we had been in France in August, 1914, when almost over night three-fourths of the laboring population of France between the ages of eighteen and forty-five were called to the trenches, we would have readily understood that it would be impossible to resist the Germans successfully while carrying on normal occupations as usual. With the enemy at the gates it was easy to understand that business must be adjusted with the single end in view of repelling the invader.\*

England, across the channel and hence safe from immediate invasion, long held to the notion that she could have business and pleasure much as usual and at the same time crush the military power of a nation that had organized all its resources for the purpose of war. There was the excuse for England that she was mistress of the seas and could hence export in great quantities non-essential products of her own manufacture and import in exchange munitions and other materials of warfare from the neutral world. She could also purchase on credit enormous quantities of supplies. It was eventually revealed, however, when the drain on England's labor power became severe, that she must borrow all she could from the neutral world and devote her domestic energy as largely as possible to the creation of war supplies. The war demand for steel, copper, lead, wool, leather, khaki, and certain kinds of foods has proved so insatiable that the productive energy of both belligerent and neutral countries was required in their production.

If England was misled, it is little wonder that the United States, from three to four thousand miles from the scene of battle, should fail to understand at the start that industrial reorganization must go to the very foundations of our national life. We have hoped that the war would soon be over; we have been told that our Allies need credit and we have assumed that this involves on our part lending them money rather than goods. We had great prosperity in the United States during 1915-16 as a result of European demand

\* So long as France could import heavily from other nations, some of the productive energy could be devoted to the creation of non-essentials which could be traded to neutral countries for munitions and supplies. However, with the whole world at war, and with the shipping facilities tremendously overtaxed, even this ceased to be good economy.



for supplies from this country. With both feet in the war, would not this demand obviously be intensified, and would there not, therefore, be greater prosperity than ever in all lines of business? With notions such as these firmly fixed in the national psychology, it is difficult indeed for us to realize what a modern war really means from an industrial point of view.

#### THE COMPLEXITY OF INDUSTRIAL SOCIETY

The third source of misunderstanding in the situation is the complex nature of modern industrial society. The difficulty here may be illustrated by reference to the establishment of the selective draft. Strongly attacked in many quarters as an act of autocracy, when it was first suggested, sober second thought has convinced most of us that the selective draft is the very essence of a democratic as opposed to an anarchistic society. Our difficulty in discerning the true nature of conscription in the beginning was largely due, I believe, to the individualistic organization of a complex industrial society. Under the present form of industrial organization, each appears to be working for himself in competition with his fellows, whereas, in fact, through specialized production and the exchange of products and services, we are coöperating with each other. If, instead of a highly specialized industrial organization based on a system of monetary exchanges, our society were a simple (directly) coöperative frontier community, would anyone have doubted the fundamentally democratic nature of the selective draft? Would anyone have seriously questioned the principle that in fighting for a common cause all must take pot-luck together, that each must stand ready to give his all, as the national requirements should dictate?

In such a simply organized community is it not probable also that as a mere matter of course those not required for the fighting units would have been assigned to their places in the industrial organization back of the lines? Is it likely that civilians would have been permitted to follow their normal pursuits when such normal occupations were at direct cross-purposes with the necessities of the community as a whole? With the industrial needs clear to every one is it not altogether likely that those persisting in non-essential pursuits would have been pilloried in the same fashion as the cowards and slackers?

It is only in a complex industrial society that one could hope to

find the anomaly of liberty loan speakers urging the most rigid economy on the part of all classes with the double purpose in view of obtaining heavy subscriptions to the loan and of reducing the demand for, and hence the production of, non-essentials, and the priorities committees and the War Industries Board in Washington making plans for the curtailment of non-essential production, while manufacturers and merchants everywhere are working directly against the government by elaborate and skillful advertising of non-essential commodities. Liberty loan booths are surrounded by tempting displays of luxuries designed to lure unsophisticated women to purchase commodities with which they could perfectly well dispense.<sup>5</sup>

#### ESSENTIAL AND NON-ESSENTIAL INDUSTRIES

There is a disposition in many quarters to look upon those who stand for business as usual as deliberate enemies of the cause or at least as persons who put their own private interests above those of the government. Much study of current arguments on this subject and much discussion with individuals directly involved, in the non-essential industries have convinced me that there is relatively little of this deliberate selfishness in the situation; it is mainly misunderstanding. Of course it is human nature to hope against hope that one's own particular occupation may not have to be foregone; and the wish is usually father to the thought that such occupation is really essential. This leads at times to most amusing discussions of what is and what is not essential.<sup>6</sup> For instance, a manufacturer

<sup>5</sup> Examples of deceptive advertisements might be cited by the hundreds. Some of them almost overtax human credulity.

<sup>6</sup> There has moreover been a strange hesitancy on the part of the governmental agencies to face squarely the defining of non-essential commodities. Merely because there are difficulties involved does not mean that there is not a large list of commodities which may be set down as non-essential for war purposes. The problem that the government has to decide is, however, after all, not as between essential and non-essential, but as between more essential and less essential; and when full priority is given to the more essential commodities, the less essential ones are eliminated, thus proving that they are in fact non-essential. It is interesting that at the very time when governmental agencies refuse to decide what is non-essential they expect the rank and file of uninformed consumers to exercise discrimination in purchasing, to the end that capital may be diverted from non-essential lines. Fortunately, every time a priority decision is made the government does have to distinguish between more and less essential commodities.

of cosmetics stoutly insists that the proof that his industry is a necessity is found in the fact that women will forego food in order to buy face powder. It is also widely believed that there is sufficient productive power in the country to take care of the normal production and war production in addition. Even so recently as April, 1918, at a big salesmen's conference in Detroit, only three people could be found who would admit that there was not enough productive energy in the country to supply both the needs of business and war.

The newspapers have been the subject of no little discussion in this connection. It is urged that at the very time that they are preaching sacrifice and the loftiest ideals of patriotism in the editorial columns, they run advertisements which urge the purchase of all sorts of non-essential commodities, advertisements which are in many cases so palpably in opposition to national policy—such as long woolen socks for men in civilian occupation,—that no one could plead as an excuse, ignorance of the results of such advertising; and they refuse to print articles or advertisements which preach the doctrine of economy.<sup>7</sup> We should not belabor the newspapers too strongly for these practices. The newspapers after all belong to the class of essential industries; they merely are unfortunate in being financially dependent upon the advertisements of those engaged in non-essential industries. Refusal of non-essential advertisements means for them financial bankruptcy and hence inability to render service which is of paramount importance to the government.

#### METHODS OF EFFECTING INDUSTRIAL REORGANIZATION

Although the need for industrial reorganization has now been clearly established in the minds of the governmental agencies, the question of methods of securing such diversion of energy is still a debatable one. There are three methods, not mutually exclusive, of securing diversion from non-essential industry to war production. The first may be called the saving method, the second, the priorities method and the third, industrial conscription, or selective recruiting of manufacturing establishments.

<sup>7</sup> I know of one metropolitan newspaper company that recently paid five hundred dollars in damages for failing to insert, after a contract had been drawn for such insertion, an advertisement containing only official statements on the need of economizing.

Those who urge saving as the method by which the diversion should be accomplished usually fail to realize that such a method is both slow and unscientific. It is slow because it is indirect; it will gradually succeed in forcing business establishments in non-essential lines into bankruptcy, but it does nothing toward pointing the way for such establishments into war industry. It is unscientific in that it does not involve any exercise of selection in the particular types of non-essentials which can best be dispensed with and of the particular establishments in any given line of industry which can be dispensed with most easily and which at the same time can be most readily adapted to war production. The saving method forces out first the marginal business man and it is probable that this business man will not be the one who could most quickly adapt his establishment to the manufacture of war supplies; in fact, it would more likely be the case that the very lack of enterprise, organizing ability, vision, what not, which caused him to be a marginal producer will result in his floundering about for an indefinite period; and this is of course accompanied by much unemployment and social unrest. Under such circumstances the process of saving, that was merely begun when this manufacturer was forced out, finds fruition only indirectly, in the creation of new industrial establishments by other business men—new industrial establishments which require much time in the building and which involve heavy initial cost in the way of labor and materials;—establishments, moreover, which can be of little, if any, use after the war is over. The priorities method is superior to the savings method in that it may select for discontinuance first those lines of industry which are least essential and those particular establishments in any given line which may most quickly be converted to war production.

The third method, that of conscription, or selective recruiting, merely involves carrying the second method a step further and having the government take the initiative in determining what establishments in any given line should be devoted to the production of particular war supplies. It not only quickly reduces the production of non-essentials, but it adapts those establishments with a minimum of loss to the owners or of unemployment for the workers to the creation of war supplies for which they are best suited. At the same time it enables the war supplies to be produced with a minimum of additional capital goods, thus saving the enormous costs involved in

new construction itself, as well as the waste entailed when the conclusion of peace destroys the demand for war products. This method of converting selected plants has thus the combined advantage of speed, economy of labor and materials during the war, and the minimizing of difficulties during reconstruction. Selective industrial recruiting and the application of priority rulings are now being rapidly perfected and it is probable that the major portion of the industrial readjusting in the coming year will be accomplished in these ways rather than by the indirect method of individual retrenchment of consumption.

It is interesting that we should have been so timid in this country, particularly in view of the success of the introduction of the selective draft, in adopting a policy of industrial conscription or recruiting. The suggestion of industrial conscription appears to have been strongly opposed owing to the fact that the term early applied to both labor and capital. Indeed, many who use the term apply it to labor alone. Now "conscription of labor" meets with overwhelming opposition on the part of the labor organizations of the country. But although labor objects to being conscripted into private industries that are earning war profits, it would not seriously oppose conscription into government industries. It is possible, moreover, that if conscription had been applied months ago to capital, that is to factories and workshops of every description, the labor organizations would not now so seriously object to compulsory change of employment. And it should be recognized, also, that if factories are first conscripted, conscription of labor would hardly be necessary. Labor will not long hesitate, with erstwhile employment in non-essential industry gone because of closed factory doors, in accepting remunerative jobs in beckoning war industries. With effective labor exchanges and adequate housing facilities in the seats of war industry, voluntary enlistment of labor in the industrial army may be considered as a foregone conclusion.

We have spoken of closed factory doors; but it must be borne in mind that a selective recruiting of factories for war occupations does not mean the closing of factory doors in most instances. It means an adaptation of that factory to war manufacture, thus giving continued employment to its laborers; only a minimum of labor shifting is thus required. Selective recruiting of the factories for war service meets with virtually no opposition. The evidence is



overwhelming that business concerns are eager to respond; they need merely be shown in what ways they may be of service and guaranteed minimum returns for their efforts. A selective recruiting of this sort does not imply commandeering of private wealth; it is not un-American. It means merely that the government gives to certain business men the opportunity and the honor of rendering service in the common cause of humanity. American business men are every day demonstrating their willingness to sacrifice present lines of business provided they are given prompt opportunity to render service to the country. It is time that we generally recognize that this country does not shirk responsibility. It is time that we cease hesitating to disturb normal pursuits by governmental action; for they will shortly be more seriously disturbed by the unorganized and undirected economizing of the consuming public. Fortunately in the reorganized War Industries Board, machinery is now being rapidly developed for accomplishing by intelligent social direction what would in any case eventually be accomplished by unintelligent, undirected and time-consuming individual retrenchment.

### STIMULATING LABOR EFFICIENCY IN WAR TIMES

BY RICHARD A. FEISS,

Chief of the Manufacturing Branch, Quartermaster Department.

To face the situation involved in the problem under discussion we must have hope, but unfortunately, I fear we have a tremendous lot of unpreparedness. Seriously speaking and quoting one of my friends, who I believe is as close to the heart of the industrial situation in America as anyone, "We are facing within the next three to six months what is likely to be a crisis that means win or lose—not at the front, but here at home in the industrial world." That situation is arising from the lack of appreciation of what has gone before and from the want of any appreciation of the fact that every element, including above all that element known as the labor question or the industrial question, is the very essence of the mobilization of those forces necessary to win the war.

To solve these problems it seems to me they must be approached from two specific directions, and I will try to touch upon some of the

things that have appeared to me as being more or less material to the solution of these problems. These two points of view are—first, the point of view of education, and second, that of organization. There must be a distinct program both as to education and as to organization to solve the question involved in the stimulation of labor as an essential to the accomplishment of our purpose in this war.

From the point of view of education, you have perhaps heard a very good church member and high type of business man, riding on the street car, boast rather proudly of the fact that he had escaped the notice of the servant of the public service corporation and got by without paying his fare. That is a strange philosophy, or at least there are strange moral standards involved in that little incident that, through the process of greater contact with the government become developed, and, unfortunately, over-developed in times of this kind. It has been sad, although interesting, to see how the community at large the minute it comes in contact with the government loses a certain amount of moral stamina and becomes more or less unscrupulous, or at least, shuts the right eye when the left hand is acting, in connection with transactions which involve profit and which involve, on the other side, the government.

We have heard so much about labor and capital that it has become one of our trite subjects. We have talked so much about the possibility of their coöperation—probably because we felt, or at least because the public to such a great extent felt, that there were two distinct sides in a great controversy over one thing or another, either time or wages, or just things in general, because it seemed to be part of the game to be at odds. We have between these "arch enemies" of old, when it comes to the question of working for the government, a sort of a silent unconscious pact, and that silent and unconscious pact implies the same silent and unconscious condonance that the one fellow has who has stolen the ride for the other fellow who would like to. Both employer and employe have put into the situation this peculiar moral status, or rather lack of it, which at this time, when the government must obtain necessary supplies regardless of the cost, has been taken advantage of in order that both employer and employe might profiteer.

I could quote from my experience in Washington a number of specific instances where employes are doing work on government

contracts similar to that which they do on civilian work, and they are demanding and receiving wages from 100 per cent and 200 per cent greater than demanded on civilian work. Now, if it were civilian work the employer would be at odds with the employe, but not so on government work. The employer knows that the profit he is paid by the government, in some way or other, even if it is at a set price, is figured on the basis of a percentage of the money he has expended in either materials or labor or both. Consequently, the higher the cost of labor—being labor employed only for the period of the war—the greater the profit to him.

That may be a new point of view, but one would be surprised to know how universally this exists. My point of bringing it in here, beside as a matter of interest and beside being one of the many complications that have arisen, is that it directly bears upon the question of labor and the stimulation of labor. There has been a stimulation through this unconscious pact against the government between employer and employe—a stimulation not to greater effort but to greater wages. This constitutes a great part of the problem that has to be solved in the near future both by education and organization.

The attitude that I have illustrated by reference to the public service corporation, or latterly by the attitude toward the government's work, is and must be solved first by a process of education. We must get better morals in order to win the war. The same process of education is necessary as, for example, in regard to liberty bonds. The fact is if you do not buy bonds, your money will be taken away from you by taxation. The government must have money. The spirit toward subscribing must be one not of feeling pride in having given, but feeling it rather as a duty unperformed if you have not given.

Education has to go even further. It has to go to employers employing every man and woman in the United States in a matter relating very vitally to the achievement of industrial stimulation—namely, every man and woman has to learn that sacrifice means sacrifice in every respect. No man or woman can expect to have a wage and income that will rise in proportion to the cost of living. It is useless to fool yourself, whether you are capitalist or laborer, that your income can keep apace with the increased cost of living during the war. You and I, and everybody, must out of the value of his own dollar pay part of the tremendous cost of this fight, and that is another thing that has to be attained by education.

Now, to touch briefly upon organization, I will say that there are two sides to organization. One is the fact that in order to win the war every private industry and every private activity in a community must be organized on the most sound basis in order to solve the questions involved. Now the question of labor stimulation starts at home, and labor stimulation must be along lines which have been developed and principles which have been proven by our foremost industrial organizations and industrial leaders. These principles have been accepted by the labor organizations in England, which have gone direct to the mat with their former prejudices and have adopted the things that were fought and are still being fought in America, such as the application of scientific standards and many of the other means developed under so-called scientific management, which must be applied in order to set fair standards and fair methods of stimulation. We have not learned that yet. The questions of fair wage and of proper hours—the latter to be determined scientifically—must be solved.

I will give just one example of the question of wages that has to be solved by a process of organization. In the Joseph & Feiss Company, of which I am a member, this problem has been under consideration for a great number of years, and it is believed that, together with others, we have developed what is going to be considered the proper plan in this emergency, and if it is the proper plan in this emergency, it will be in the future. The question of stimulation depends upon housing, upon such conditions as are called welfare conditions, but also and all the time, upon wages and the methods of applying and solving the wage question. Now the particular method I speak of comes down to the question of an analytical solution. The wage scheme that I wish to mention considers the wage as a reward for different elements constituting the value of a worker. What is there that should be stimulated in a worker by means of wages? Those things must be separated and paid for separately and distinctly. For instance, our workers are paid for output, a man in the office, a man in an executive position and a worker at the machine, are paid for output by one of two methods. The operator on machines is paid for his output in accordance with the scientific task and piece rate system where the tasks or standards are set by scientific methods and based upon analysis.

So, in another position, in the office, or executive work, output,



or the performance of duties, is measured by analysis of the job, and the setting up of standards and wages are periodically adjusted in accordance with individual performance. Other things are paid for separately, such as attendance. An organization is worth nothing unless the steadiness of the workers can be relied upon, and the stimulation of output depends above all things upon the saving of time that is unnecessarily lost either by unscientific methods or by lack of steady attendance. That is the other great element to be paid for, and that particular element is paid for by us by bonus. Likewise, there is a loss of bonus for lack of attendance.

The other paid element is for general steadiness or the length of service, and this very directly affects the problem of labor turnover. The greatest economic loss today in the industrial world is the shifting of labor from one employment to another. It is a great loss to the employer and the employe, and the morale of the whole community is affected. I will say that our plan for payment for continuous service which gives to a man, whether piece work or day work, a distinct payment for length of service, means a step in the right direction. A separate bonus is paid him day by day and increased every year on the anniversary of the date of his employment until he has been thirty years in our employ. This can be invested separately or put in a savings fund that will make a pension for him greater than any pension system I know of without any mutual bearing of losses.

Now, this I am giving merely as an example to show how in my opinion human nature must be stimulated to greater effort. The public must tackle this proposition from the broader point of view, taking into consideration all the elements involved. That broader point of view is to my mind the most democratic one. We cannot have a board for this and a board for that and the one competing against the other in this emergency, as we have now. We have to do the same thing to win the fight at home as abroad.

The most democratic institution in this fight for democracy has been the selective draft. Regardless of where you stand on the theory, regardless of who you are, if you are fit to fight you are put where you belong. We have been told that ten men are needed—and I think that is a very small estimate—for every man at the front, and the great solution to my mind and one that will be the greatest democratic move on record, is the conscription of every man and



woman in the United States who is able-bodied and able to do his or her share in the right place for the war in the right way. Unless we make moves in this direction we cannot win, and the solution depends upon the philosophy or the sentiment, guiding us as a nation and the leaders of our nation; and the whole thing resolves itself purely and simply into the question of whether the men who are elected and chosen to represent the people, as executives, administrators or legislators, take the point of view that they are mere servants and followers of the people or whether they are their educators and leaders.

## HOW THE PUBLIC SHOULD PAY FOR THE WAR

By IRVING FISHER,

Yale University.

There are many popular fallacies as to the ultimate source of funds for paying for the war. In the first place, there is the "business as usual" fallacy, one which is fostered today by propaganda on the part of those special interests that do not wish to retire in favor of the public interest. It is perfectly natural that a manufacturer or vendor of superfluities should in a time of war resist sacrificing his business, especially if others around him lack patriotism and set him a bad example, but it really makes my blood boil to see the efforts that some of the big interests in this country, that I might mention by name, are making to befuddle the public on this subject by telling them that the way to finance this war is to keep their business going so that they can subscribe to liberty bonds. In other words, if we pay them \$100 they will pay \$5 to the government. Of course if we paid our \$100 to the government in the first place the government would be \$95 better off than if we support somebody in order that he may subscribe.

There are two ways in which we subscribe to liberty bonds, or two ways in which we pay our taxes. One is the right way and the other is the wrong way. The right way of subscribing to the liberty bonds is to sacrifice in some other expenditure in order to buy them. If, for instance, we give up the purchase of a pleasure automobile and put the same sum that we would otherwise have put into the purchase of that automobile into the purchase of a liberty bond, we have done our duty in the full sense of the word, because we have not only given Uncle Sam the funds but we have gotten out of his way in industry, and the same labor and capital which would have made my pleasure car will make a motor truck. But if we decide that we will not give up that pleasure car and at the same time think that we can be patriotic without any sacrifice, and subscribe to liberty bonds by going to the bank and saying, "Here, I have not got the money; I am not willing to give up my pleasure car but if you will lend me the money I will lend it to Uncle Sam;" if, in other

words, we lend by borrowing, we cheat ourselves by the thought that we are really helping to finance the war. In a sense we are, and if there is no better way we must do some borrowing in order to lend. If, however, we do this without any thought of sacrificing from our consumption, without any thought even of paying up our debt at the bank afterward, by following our subscription by saving if the subscription has not been preceded by saving, we are doing very wrong. And if we comfort ourselves with the thought that, as the advertisers say, we ought to encourage the making of pleasure cars and keep business as usual, we are guilty of a fallacy as well as a lack of patriotism.

The consequence of this act of subscribing to liberty bonds and at the same time not giving up our pleasure car is this: that when the government has the funds with which to buy the motor truck and attempts to buy it, it finds that the same labor and capital which ought to have been released to make that motor car, is busily engaged in making my pleasure car. In other words, while I go through the motions of giving over to the government some money, I refuse to get out of the government's way so that the government can get the actual goods, for, in the last analysis, money is merely a cover for goods, and the real sacrifices and the real payments are in terms of goods.

We are trying to provide the soldiers with food and guns and all the other necessary equipment, and in order that these things may be made the great energies of the nation, the productive energies of the nation must be shifted from a peace footing to a war footing. We must reduce the production of pleasure cars, reduce the production of jewelry, reduce the production of all non-essentials for war necessities, and be sure that we have enough energy to produce all that is needed for war. I strongly suspect that one reason why the amount requested for the third liberty loan was so surprisingly small was because we have not been able to devote the productive energies of the country sufficiently to produce fast enough the things for which we are subscribing. If we merely go through the motions of subscribing without really sacrificing, that is exactly where we shall land, and we shall be as helpless as Robinson Crusoe, who found a great store of gold but did not have anything to purchase with it.

When we do that, when we borrow at the banks to lend to the government, the banks merely write on their books a deposit cor-

responding to our loan. They credit us with a certain amount of money (which is not money but merely a credit), and then we transfer that credit to the government and the government has it, and then the government transfers it to the maker of the motor truck or whatever it wants to spend the money for,—so-called money,—and we have merely created more purchasing power by writing our loan as a credit on the books of the banks; we have really created more purchasing power without creating anything to purchase with that power, so the total volume of goods is the same, not changed even in quality. And when we increase purchasing power in terms of money over goods but do not increase the goods which we are going to purchase, naturally we have a displacement. We have an abundance of purchasing power but a scarcity of things to purchase, so that the price goes up.

The ultimate effect then is a rise of prices, and a large part of the rise of prices which has mystified many people during the war is due to precisely this inflation. It is going on abroad. All the nations of Europe, not excepting England, have been inflating. The issuing of paper money is one way of financing the war, but England has used another way, that just mentioned, of bank deposit inflation. In either case there is an inflation of money or a substitute for money, and prices rise.

The price level in this country rose the moment gold was expelled from Europe and came here. Thus before we entered the war we had been suffering from gold inflation—by gold overflowing from the warring countries into the neutral countries. All the neutral countries suffered from gold inflation—not only the United States but Spain and Sweden and the other neutral nations. Sweden tried to defend itself against this gold inflation by virtually stopping the free coinage of gold, and to that extent she prevented an increase in prices, but in this country prices of wholesale commodities went up about 81 per cent, and of retail commodities about 47 per cent. Now the price level will go up by leaps and bounds as long as this war lasts, to the extent that we falsely finance the war, to the extent that our subscriptions to liberty bonds are fakes—not out of real savings or not followed up, at least, by real savings; and when we increase prices then we enforce saving by the poor, and the war will be financed then by the wage-earner, or more particularly by the salaried man, such as the school teacher, as well as the bondholder

and all those who have fixed money incomes. Their money incomes buy less, and, therefore, they will have to go without, because prices being so high and the number of dollars they have to spend being the same, they will not be able to purchase as much as before. Thus they will be forced to sacrifice.

So we see that, in the end, somebody has got to sacrifice any way. It is only a question of whether we are going to do it when we subscribe to liberty bonds or whether we are going to force somebody else to do it for us by the way in which we do subscribe. There is only one way properly to subscribe to liberty bonds or to pay our taxes and that is to earn the money, to save it, to increase the margin between our income and our outgo. There is an enormous possible margin. David Friday has made the best estimate that I know of, and he estimates that there were in 1917 \$11,000,000,000 of liquid savings in this country—savings that could be put in any form desired—thrown into liberty bonds, besides which \$7,000,000,000, that were not liquid but more or less preëmpted—invested in necessary equipment whatever it might be, making a total volume in savings in 1917 of \$18,000,000,000. Of course, no one knows exactly, but David Friday has made the most careful estimate that we have, and that is his result. We must increase this \$11,000,000,000, because we are spending more than \$11,000,000,000 a year, and all our liquid savings we must put in liberty bonds or thrift stamps or in the war taxes, or in some other patriotic way. Otherwise we are not really properly financing this war, and to the extent that it is financed out of the high cost of living, it is going to create great discontent, and among other things discontent with the war.

Discontent with the war and the German propaganda to undo the morale of this country as in Russia, we must be aware of in this country. One reason, but not the only one, why Russia was so easy a prey to this propaganda was that she financed the war on a false basis. Prices were five to eight times what they were at the beginning of the war, and naturally the Russian people were not very enthusiastic over the effect of the war on the cost of living.

There is another fallacy that is very common besides this "business as usual" fallacy, that is going about in the place of thrift, and that is the idea that we can put off the payment of this war on to posterity. Some people think if they subscribe to bonds they are



making posterity pay. It is ordinarily supposed that the distinction between loans and taxes is just that between paying today and paying later. That is not the case at all. We pay for this war now. We cannot provide shoes and guns and other supplies for the soldiers today from posterity. The cost has to be produced today in terms of goods. It is perfectly obvious that the cost of the war in guns, food and clothes, is a cost today, because if we should wait for posterity to make the shoes and the guns, the soldiers today would not have any foot wear or any means of firing off their cartridges.

The same is true in terms of money. No one will dispute this when we are talking of taxes, but many dispute it when talking of loans. Probably nine people out of ten in this country are under the impression that when the government goes into debt we are simply postponing the payment. So far as the government budget is concerned, that is true, but so far as the nation is concerned it is not true, providing the bonds are held in this country, as they are for the most part. When posterity pays off those bonds it does not pay this generation. It pays itself. It has to tax itself in order to pay itself, and if the subscriptions were ideally distributed, what would happen would be simply that I would have to take out of one pocket a thousand dollars of taxes, give it over to the government, and then the government would give me that thousand dollars and I would put it in the other pocket as payment for the principal of my bonds. Evidently it would amount to the same thing if we simply repudiated the debt, and then I would have taken my money out of one pocket and have put it in the other pocket without having it go through the government treasury at all.

It is very clear that when posterity pays itself it is not making any sacrifice. You might just as well talk in terms of the credits instead of debits involved. You might just as well say that by issuing bonds today, instead of saddling posterity with a huge debt, you are enriching posterity, because posterity is going to get the principal when these bonds are paid. It is exactly as broad as it is long. The only difference comes in the distribution. There will be many who in posterity will take out of one pocket more than they will get to put in the other pocket because their taxes will exceed the bonds that they hold, and the same thing the other way around. It has happened in the past, for instance, that the rich who run the government would buy the bonds and then in posterity

would tax the poor, and the result would be that in posterity, the rich would be living on the poor. Today it is almost the other way around. As we are distributing the bonds very widely the poor who subscribe are becoming creditors and, in the future, through big income taxes, it will not be at all surprising to find the rich ones paying the poor.

One difference in paying for the war in taxes and paying for the war in loans is this—when you get a tax receipt you have not a negotiable instrument but when you get a bond receipt for payment to the government you have something that you can use as collateral security at the bank, because a bond dissects out your future right to payment but does not dissect your future burden to pay, making a bond a one-sided instrument. You can use it as collateral security for a loan. Germany has financed the war almost wholly by bonds. That is bad finance for several reasons, but particularly because it tends to encourage the use of these bonds as collateral security for debts and make people less thrifty and more willing to borrow in order to lend.

One other fallacy that I might mention is the idea that if you buy a bond today and then pass it along to someone else tomorrow, say to buy a suit of clothes with it, you have done your full duty. Some merchants advertise the fact that they accept liberty bonds and much is made of the fact that liberty bonds are very salable. It is all right to lay stress on the fact that they are salable but it is all wrong to sell them unless you have to. It is a comfort to know when you buy a liberty bond, that if, later, you get in a tight place, you can sell the bond and get full value for it immediately. Nevertheless, when you encourage the sale of bonds you are fighting the idea of thrift, which is the basic idea of finance. What good does it do the government if I lend it a thousand dollars today and get a liberty bond and then tomorrow sell that bond to someone else for a thousand dollars? I simply carried it for one day and the other person who bought it of me might just as well have subscribed for it in the beginning! He is the one carrying the burden and not I. If we do our full duty we must not only subscribe and not only save in order to make good our subscription, but we must hold the bond to the end of the war.

The upshot of the whole matter is, therefore, that our real part in financing the war is good old-fashioned thrift or saving.

## SOME TENDENCIES IN THE FEDERAL RESERVE SYSTEM

BY E. M. PATTERSON, PH.D.,

University of Pennsylvania.

There is no doubt in the minds of careful observers that the first great economic task before the people of the United States today is production. By this is meant not only the raising of agricultural products, the extraction of ores, and the processes of manufacture but also the transportation of men and materials to our seaboard and to Europe. Our second task is to save from our annual production the amounts needed by our Allies and ourselves in the conduct of the war. If we could increase our production by this amount the saving might be accomplished with no curtailment of our ordinary expenditures and with no lowering of our standards of living. Since a great part of the amount cannot be secured in this manner, there must be a reduced standard or we shall not furnish to our Allies the promised assistance. To secure this saving with the maximum of fairness and in a manner that will not lessen our productivity is our second task. The third is to devise the most satisfactory method of transferring to the government the ownership of the wealth that we produce and save. Congress has made unprecedented appropriations, tax legislation has been enacted, and huge bond issues have been authorized. A vast fiscal program has been evolved and its machinery set in motion.

In the midst of these activities stands our banking system, including many varieties of banks but especially the federal reserve banks and their members, which are for the most part national banks. This structure performs numerous functions three of which are of particular concern in this discussion. (1) The federal reserve banks are fiscal agents of our government while both federal reserve banks and member banks are depositories of government funds. Through them government bonds and certificates of indebtedness are marketed. They are thus an important part of the government's fiscal machinery. (2) These banks issue various kinds of money for use in the community. From the national banks come the national bank notes and from the federal reserve banks the federal reserve bank notes and the federal reserve notes, while on the

deposit liabilities of all of them are drawn checks and drafts—the most important part of our currency. (3) These banks directly and indirectly make loans to private individuals and corporations, furnishing the financial aid required by our business institutions.

#### IMPORTANCE OF THE BANKING SYSTEM

This paper attempts to analyze the influence of this banking system in performing the three great economic tasks mentioned. Primarily the system is concerned with the third, assisting in the transfer to the government of the ownership of our wealth, but in doing this it may exercise a very important influence upon the other tasks in which we are engaged—the production and saving of wealth. Although only a device for facilitating transfers of wealth, it may greatly affect our whole national budget. A powerful banking machine will either help us to mobilize effectively our economic power, encourage production, stimulate saving and thus increase our wealth for war uses; or, improperly utilized, will retard production, discourage saving, encourage extravagance, and prevent our acquiring the funds we so much need.

The federal reserve system (a term which may be used to include both federal reserve banks and member banks) exists primarily to aid commercial banking as distinct from other financial operations, particularly speculative and investment banking. The national banks have always been restricted in their functions, not being allowed to own or deal in stocks, to acquire real estate (except for their own accommodation in the transaction of business), nor, except to a very limited extent, to lend on mortgage security. Even bonds may be acquired by them only because of a somewhat technical interpretation of the national bank act and, until 1913, savings accounts were not legally authorized. National banks are expected to specialize in commercial banking. Their customers are for the most part the business men of the community who are concerned primarily with transferring goods from producers to consumers. Accordingly their funds should not become imperilled in speculative operations nor be invested in transactions from which they cannot quickly be withdrawn. In other words, the assets of any bank must be safe but those of a commercial bank must also be liquid, *i.e.*, easily converted into cash.

Under the national bank act there was not the desired liquidity

and the entire system lacked elasticity. To remedy these and other defects the federal reserve act was passed in 1913. Its leading provisions need not be repeated here. It will suffice to point out that the entire act places emphasis on the importance of the banks of the federal reserve system having liquid assets. The liabilities of the federal reserve banks, i.e. their notes and deposits, are demand liabilities and their customers are chiefly member banks whose liabilities are of the same kind. Therefore the reserve banks must above all things keep their assets liquid. To this end they may discount for their member banks only "notes, drafts and bills of exchange issued or drawn for agricultural, industrial or commercial purposes, or the proceeds of which have been used, or are to be used, for such purposes." Further the law specifically excludes "notes, drafts, or bills covering merely investments or issued or drawn for the purpose of carrying or trading in stocks, bonds or other investment securities, except bonds and notes of the Government of the United States."

The federal reserve board, which was required by law to indicate more precisely the kind of paper eligible for rediscount, held as follows:

- (a) That it must be a bill the proceeds of which have been used or are to be used in producing, purchasing, carrying, or marketing goods in one or more of the steps of the process of production, manufacture or distribution:
- (b) That no bill is "eligible" the proceeds of which have been used or are to be used:
  - (1) For permanent or fixed investments of any kind, such as land, buildings, machinery.
  - (2) For investments of a merely speculative character, whether made in goods or otherwise.

The general intent of the law and of the rulings is evident. The reserve banks' assets are to be kept liquid in order that these banks may be of the highest possible service as *commercial* banks. To that end only "*commercial*" paper is to be acceptable for rediscounting. Speculative paper and even investment paper are ruled out with the single exception of bonds and notes of the government of the United States. Only a few concessions of a minor nature or of a temporary character are to be found in various sections of the act.



## CONCENTRATION OF THE COUNTRY'S GOLD SUPPLY

Since the passage of the law in 1913, three particularly significant changes have occurred. The first is the concentration of a large part of the gold supply of the country in the possession of the reserve banks. Scattered bank reserves mean a lack of mobility, while concentration brings flexibility or ease of adjustment in financing business transactions. Our former system of decentralized reserves was too rigid and their concentration in the federal reserve banks was a distinct improvement. Greater elasticity of credit transactions has been made possible; funds can now be shifted more readily from one place to another; relief can quickly be granted to sections of the country where it may be needed; and the concentrated gold is placed definitely under the direction of a central body which may control gold exports.

The law as originally passed provided for a gradual shifting of reserves and along with this change a reduction in the reserve requirements of the member banks, but soon the European war brought us so large a flood of gold that it was thought wise to hasten the concentration, and three steps were taken. (1) Reserve requirements for member banks were still further reduced and are now 7, 10 and 13 per cent respectively for the different classes of banks. These percentages may be contrasted with the 15 and 25 per cent requirements of a few years ago. (2) These required reserves must all be kept with the reserve banks, and member banks are distinctly urged to turn over to the reserve banks all of their cash holdings with the exception of such amounts as they think it wise or necessary to hold for daily needs. This too is in marked contrast with our former banking practice under which our national banks were required to hold from 40 to 100 per cent of their legal reserve as cash in their own vaults. (3) At first the law did not permit the federal reserve banks to count as part of the 40 per cent reserve which they are required to hold against their issues of federal reserve notes, the gold and gold certificates in the possession of the federal reserve agents. Since June 1917 this accumulation of gold and gold certificates is to be counted, a change which permits a great expansion in note issues.

These three modifications in reserve requirements are of great importance. On January 2, 1915, there was \$1,875,000,000 of gold

in the United States and on May 1, 1918, only three years later, there was \$3,042,000,000, an increase of \$1,227,000,000. On May 18, 1918, the federal reserve banks held a total gold reserve of \$1,984,000,000, which is more than the entire gold supply of the United States three years ago and over 65 per cent of the gold we now hold. This amount is so large that one cannot easily or quickly grasp its importance.

#### FEDERAL RESERVE NOTES AND REDISCOUNTING

The second significant change that has occurred is in the issue of federal reserve notes. As originally passed, the apparent intent of the law was that notes should be issued on the security of rediscounted paper placed in the possession of the federal reserve agents. It was soon realized that the machinery provided could be utilized as a device for pumping gold out of general circulation and into the hands of the federal reserve agents who would issue federal reserve notes in exchange. Under this plan most of the notes were secured by gold and hence were in effect, though not in name, gold certificates. As recently as about a year ago there were only \$438,000,000 of reserve notes in actual circulation but now there are outstanding \$1,569,000,000 of the notes. During the last year the volume of these notes outstanding has been increasing at the rate of over \$21,000,000 a week.

The third change of importance is the increase in the practice of rediscounting. This practice is a recent one in American banking. Only a few years ago it was viewed with disfavor by most of our bankers and for some time they hesitated to utilize the facilities furnished by the reserve system. On March 4, 1914, our national banks reported only \$8,700,000 notes and bills rediscounted. On March 5, 1917, the amount was only \$49,000,000 but by December 31, 1917, it was \$475,000,000. On May 18, 1918, the federal reserve banks reported bills discounted as \$842,000,000, an amount which is exclusive of any borrowing by member banks from each other. At the outset most of the borrowing from the reserve banks was done by rediscounting commercial paper and could with much fairness be said to have commercial transactions behind it. At present a considerable part is the direct discounting of the member banks' own promises secured by United States obligations as collateral. Much of this borrowing is done on fifteen-day collateral

notes at a rate of only 4 per cent, a rate lower than that charged for commercial paper.

We have enumerated three important changes: (1) Reserve requirements of national banks have been lowered and reserves concentrated in the reserve banks; (2) note issues are increasing and under our amended law may be issued in much larger volume than was at first possible; and (3) the practice of rediscounting commercial paper and of discounting their own direct obligations has been rapidly acquired by our banks and is now extensively employed by them.

The significance of these developments lies in the concentration of power that they indicate. Such concentration is not only desirable but necessary in our war emergency, but it throws a heavy responsibility upon our treasury and banking officials. Wisely used, our conduct of the war will be aided, but if poorly managed great harm may result.

#### INFLATION AND ITS DANGERS

The dangers of inflation have been fully appreciated by our government and reserve bank officials. On April 2, 1917, President Wilson said: "It is our duty, I most respectfully urge, to protect our people, so far as we may, against the very serious hardships and evils which would be likely to arise out of the inflation which would be produced by vast loans."

This same idea was apparently in the mind of Secretary McAdoo in urging a financial program of half taxation and half loans. The ideals of the federal reserve board as to the assets of commercial banks have been frequently expressed, but two quotations will suffice. On November 10, 1914, they declared:

Safety requires not only the bills held by the federal reserve banks should be of short and well-distributed maturities, but, in addition, should be of such character that it is reasonably certain that they can be collected when they mature. They ought to be essentially "self-liquidating," or, in other words, should represent in every case some distinct step or stage in the productive or distributive process—the progression of goods from producer to consumer.

Again in December, 1916, the Board in advising our banks against the acquisition of treasury bills of foreign governments said:

If . . . . our banking institutions have to intervene because foreign securities are offered faster than they can be absorbed by investors . . . . an element would be introduced into the situation which, if not kept under control,

would tend toward instability, and ultimate injury to the economic development of this country.

Now that we are definitely engaged in the war, increased production and voluntary saving are proving difficult. The federal reserve system is at hand and through it, as fiscal agent, government bonds and certificates are marketed. There is grave danger that this great financial machine which has already performed such valuable service shall be utilized as an engine for inflation on a gigantic scale and with disastrous results. The process has already started and the pressure to continue it is increasing. Several illustrations will make this clear.

#### ILLUSTRATIONS OF THE PRESSURE TO INFLATE

First is the increase in the amount of bonds held by the banks in the reserve system. On June 30, 1914, the national banks held \$1,872,000,000 of all kinds of bonds including United States bonds. By March 4, 1918, this had increased to \$3,935,000,000 (including certificates of indebtedness), an increase of \$2,063,000,000. That all or most of these bonds will be paid when due and are in the long run a safe investment, is unquestionable, but that is not the point here raised. Instead of commercial assets our banks have accumulated large holdings of bonds which are liquid only to the extent that they are salable to the general public. To date they are being acquired more rapidly than they are being sold. Also account should be taken of the increase in collateral loans to the public, as such loans must in the final analysis often be interpreted in terms of the stocks and bonds pledged as security. Unfortunately, we have no statements to help us on this point but can merely say that during the first three years of the war such loans by the national banks in New York City alone were about doubled.

Pressure has come from another direction. It will be recalled that with minor exceptions only short time commercial paper may be rediscounted at reserve banks and that investment paper is definitely excluded as not liquid. In every case the determining consideration is the nature of the transaction behind the paper and not the form of the paper itself. Short time paper issued to finance a permanent investment, the maker expecting to renew the notes from time to time over a period of years, is clearly debarred. Yet within the last year two large well-known corporations, finding it difficult

to borrow to advantage, made a definite attempt to finance their needs over a period of several years by issuing ninety-day notes to be renewed repeatedly, with the understanding that these notes should be acceptable for rediscount at the reserve banks. To this proposal emphatic objection was made and the plan was dropped. It is mentioned here only as another illustration of the pressure upon our system to acquire assets that are not self-liquidating and that are not readily salable elsewhere. Attention may also be called to the act recently passed authorizing the Secretary of the Treasury to issue certificates of indebtedness to the amount of \$8,000,000,000 instead of the former limit of \$3,000,000,000.

A final illustration of the pressure to utilize the federal reserve system as a market for securities and furnish the banks with assets that are not self-liquidating is to be found in the war finance corporation act. This war finance corporation may advance funds "for periods not exceeding five years" either direct or through banks, savings banks, trust companies and building and loan associations "to any person, firm, corporation or association, conducting an established and going business in the United States, whose operations shall be necessary or contributory to the prosecution of the war."

The \$500,000,000 capital stock of the corporation will be subscribed by the United States government and it may issue a maximum of \$3,000,000,000 of bonds. The bonds may be sold to the general public but section 13 of the law specifically authorizes the federal reserve banks "to discount the direct obligations of member banks secured by such bonds of the corporation and to rediscount eligible paper secured by such bonds and endorsed by a member bank." There is little reason to suppose that either the member banks or the reserve banks can easily refuse to accept such paper. Nevertheless it will be based on advances for periods up to five years and it will be strange indeed if many of these loans are not of necessity renewed at maturity. A few conclusions from this analysis may now be stated in a less technical manner.

1. Our federal reserve system was conceived primarily as a commercial banking system with the added duty of acting as the fiscal agent of our government.
2. The effect of the federal reserve act and of its recent amendments has been in general most salutary but we now have a great



financial machine whose operations especially under war conditions will be very hard to control and which may conceivably work a tremendous amount of harm.

3. A survey of its operations especially during the last year warrants the assertion that member banks and reserve banks are accumulating a larger and larger volume of bonds and other assets that are not self-liquidating. As permanent investments for savings banks, insurance companies or private individuals, most if not all of these securities are safe, but for commercial banks they have the serious weakness of not being liquid.

4. Against these assets the banks are increasing their liabilities in the form of note issues and deposits subject to check and draft. If the assets were really short term obligations of a self-liquidating character they would as they matured be paid and the banks could at once be relieved of their liabilities. If they were purchased by the general public the same result would follow. In practice many of these assets are being neither sold nor liquidated and the liabilities remain. Our currency is being inflated and the pressure to continue is becoming greater rather than less.

Reserve notes to the amount of \$1,569,000,000 are in circulation. Rediscounting has been learned with such great rapidity as to raise serious doubts regarding the restraint our bankers may be expected to show in the future. Although the amount of gold held by the reserve banks has almost doubled, the ratio of gold to net deposits and federal reserve notes combined has fallen in the past year from 80.4 per cent to 61.2 per cent.

That the relation of cash holdings to deposits is at present unsafe is not contended. This paper has merely set forth that our banking system permits inflation, that much has already occurred and that the pressure for more is increasing with alarming rapidity. In "perfecting our banking machinery," "mobilizing our resources," and "strengthening our credit," we have changed our laws always in such a way as to make possible more expansion. With this machinery at hand the pressure on our reserve bank officials is nearly irresistible. Demands for rediscounts and direct loans are hard to refuse and our member banks are transferring to the reserve banks their high-grade commercial paper and their own notes secured by United States promises as collateral. Last fall our reserve banks raised their rates but did it only slightly and even now

the rediscount rate on commercial paper is at only three of our reserve banks as high as 5 per cent and in the other ten banks is  $4\frac{1}{2}$  per cent, while the rate for member banks' fifteen-day collateral notes is only 4 per cent with the exception of Cleveland and Richmond where it is  $4\frac{1}{2}$  per cent.

#### EFFECT OF INFLATION UPON PRODUCTION

We are or should be familiar with the effect of all this on the people with small incomes who suffer from the rapidly rising price level. Bondholders whose incomes buy less and less each year as prices rise also are affected though they are less quick to realize it. With a higher price level too our government must pay more for goods and is then compelled to sell still more bonds. But let us pass to other considerations perhaps even more serious in the midst of a war. What is the effect of this rising price level on our industrial production?

1. When the price level is changing there is much uncertainty attached to business transactions. Doubt as to costs of materials and labor causes hesitation, and commitments for a long period of time are entered into with caution. A large steady volume of production is more difficult to secure.

2. At such times many wages lag behind the prices of many of the commodities which are so large a part of the real wages of the worker. Under these conditions malnutrition and inefficiency occur and lowered productivity results.

3. In so far as wages rise, the result is often to divert laborers from one plant to another and then perhaps back again. The rate of labor turnover is high and a reduction in output occurs. Illustrations of this today are numerous.

4. Increasing expenditures for materials and to some degree also for labor creates serious difficulties for our public utilities. With more or less friction, with weakened credit and delayed improvements they are seeking permission to increase their rates, a step that would have been delayed at least for a considerable period had we avoided inflation.

5. Rising prices contribute to labor unrest. The British Commission on Industrial Unrest which reported last year did its work in eight divisions and the eight were "unanimous in regarding the opinion of the working classes, that they have been exploited by the

rise of food prices, as the universal and most important cause of industrial unrest." In the United States we have no similar report to guide us but the indications are that a like situation exists. In so far as this is true we may say that rising prices encourage industrial friction and strikes, with a lessened output. Other influences are at work but we should not blind ourselves to the seriousness of this one. Prices of commodities as recorded by Bradstreet's index number rose 118 per cent from July 1, 1914 to May 1, 1918, of which 44 per cent has been in the last twelve months. Financial machinery which will increase this advance should be kept under control for the sake of those who always suffer in a period of rapidly rising prices and also for the sake of the successful prosecution of the war.

#### OUR DUTY IN THE EMERGENCY

Concentration of banking power during war is a most important part of the mobilization of economic resources. Yet it is harmful to ourselves and unfair to our Allies if this be accomplished in a manner that will retard instead of enhance our effectiveness. The problem is most complex, but our duty in several directions is clear:

1. We should not pass legislation that will permit further inflation and thus place upon our treasury officials and our bankers all of the responsibility for the results. Suggestions have already been offered by numerous irresponsible persons that we may secure more "capital" by lowering further our reserve requirements. Serious proposals to that end will probably be made. Such steps should be resisted with all the energy of which we are capable.

2. Heavy governmental and private borrowings encourage inflation and for this reason if for no other much heavier taxes should be imposed at once. Taxes, more taxes, and still more taxes should be the rule. Our fiscal plans to date have been formulated too hurriedly. A scientific analysis of our needs and of the sources of supply for the next ten years or more is needed. This would take into account both governmental and private needs and furnish valuable aid to the capital issues committee, the fuel administration, the railroads, and other governmental bodies which are struggling with questions of priority.

3. In all of our thinking and talking on the subject of war finance the emphasis should be shifted from our financial machinery

to the need for enlarged production of essentials and to the maximum of economy in both public and private expenditures. Financial machinery is, after all, only a means to an end. There are grounds for concern when we view gold and federal reserve notes as "capital" and fancy that by concentrating the one and by issuing the other we are necessarily aiding production. When we laud the achievements of the United States Steel Corporation for having done more dollars' worth of business in 1917 than in 1916, but overlook the serious fact that its output in tons showed an actual decline of about 5 per cent, our judgment is awry. National budgeting is hindered, not helped, if banking machinery is utilized as a means of inflation.

### THE FALLACY OF PRICE BIDDING

BY SIMON N. PATTEN, PH.D.,

Philadelphia, Pennsylvania.

The law of supply and demand assumes that a rising price tends to increase supply while falling prices lead to a reduced production. The basis of this generalization is an induction from the action of price changes on particular commodities or on a market of limited range. What our ancestors saw was the immediate effect of price changes. They had no means of estimating world phenomena. To us, however, a world economy is a reality and its fact as easily ascertained as are those of localities. As statistics are compiled it is easier to obtain the data of world industry than of local trade. What the trade of Philadelphia or New York is no one knows with the accuracy with which international figures are compiled. Price changes now affect the whole world or at least several nations. We can, therefore, trace their effects with a precision impossible even a generation ago.

Our fathers bid for commodities and saw as a result a flow of increased goods to their locality. They might know where the articles came from but they did not know what effect the withdrawal of these commodities had on the nations sending them. We now have the facts of both sides of the ledger or, better put, we have the ledger of the receiving and losing nation. On these facts

our opinions should rest and not on theories derived from the imperfect knowledge of the past.

English economic history affords examples of price bidding. The industrial revolution gave her such an advantage in production that she could underbid other nations in selling and overbid them in buying. Commodities fell in price while the price of food rose. The importations were mainly in wheat and the exportation in textile fabrics. Where did the wheat come from and was it an additional production or merely a withdrawal from other markets? The soil of Ireland had been used for the production of food for its own inhabitants of which there were about eight millions. The high price of wheat made it profitable to raise wheat for the English market. The home population was left unfed or forced to migrate. Ireland thus lost three million of her population due to the surplus being transported to England. It is usually said that the migration was due to the failure of the potato crop but this was the immediate not the ultimate cause. Wheat and potatoes cannot be grown in the same field. The profitable crop displaces the less profitable, and the local population must adjust itself to the new situation. The same tendency showed itself earlier in the movement of population from the south to the north of England. The industries of the north outbid the southern industries for the food of England and as a result both food and population moved to the north. When such a change occurs within a nation the change is not noticed or, if seen, the transformation is accepted as an element in progress. This may be true, but where did the food come from? Was it a new creation due to its higher price or was it a withdrawal which forced a reduction of population of some other regions? The answer in both these cases is the same. The food was a withdrawal, not a fresh creation. The places from which it came lost population to offset the gain of the new markets. Profits rose but not gross production. The gain was thus in net produce which is profitable to both parties making the exchange while the interest of the people in the exporting country is ignored.

These facts are equally patent in the foreign countries from which England's food came. They lost their industries, sank or remained stationary in population. The landowners became local aristocrats who took the greater part of the gain which English commerce brought. We think of the prosperity which England



obtained but overlook the advantage landed aristocrats obtained thereby in other lands. Our southern slaveholders are an illustration of this. The aristocracy of Poland gained their power to oppress by the exportation of wheat just as the southern slaveholder did by the exportation of cotton. The French Revolution had its background in the same cause. England could pay more for wheat than could the French artisans. The food went out and cheap goods came in. French workers were thus subjected to a double strain. They lost their food and employment. The benefited class was the French landlord. Where goes the food there goes population and with population comes wealth. The world is not the better from the change but some place or class may be. High prices and high net industry go together and make a civilization dominated by landlords and profit getting.

America at the present time faces this situation. We cannot draw goods from other nations: they are drawing goods from us. The advantages and detriments of our national policy can thus be measured by their effects at home. More corn or wheat means more home production, or a shift in the use of land from other to these uses. We must, therefore, measure both the gains and losses of crop transfers to ascertain the net results. Our country is not a huge wheat field but a series of belts, each fitted for some crop. We have a cotton belt, two wheat belts, a corn belt and other areas fitted for dairy products, sugar, rice and potatoes. In addition to lands good for these special purposes we have a mass of poor land suited to none of our leading crops.

What is the effect of higher food prices on the good corn, cotton or wheat land; and then what is its effect on the poor land as above described? On good land higher prices have their effect in a higher price of land and in a greater net produce but not in an increase of gross produce. When prices go up, rent goes up more than proportionally, leaving the worker in a worse position than before. To say that the acreage is increased by 20 per cent means nothing, therefore, if the new land is poor land. While some new fields come into use many more are going out of cultivation because of soil defects. The limits to our farm produce are thus definitely set until some transformation of our agriculture takes place introducing new crops or new methods of cultivation. Big changes will count but small ones make merely a temporary shifting of crops with no net gain.

Judged in this way about four acres out of five of our farms must be classed as poor land. The marketable product of the country comes from this fifth acre. These good acres are now fully cultivated and from them the product is limited. From the other four acres the return is diminishing even though by spurts some increase is possible. Poor lands in this sense are those which are hard of cultivation or when cultivated soon lose their fertility. Rocky land is an illustration of the first type and a hillside of the second. When prices rise the farmer reduces the subsidiary crops on which the permanence of fertility depends and devotes more acres to the paying crop. A greater net produce results without an increase in the gross produce. This, however, is only the first stage of the pressure of high prices. The high price of land favors tenant farming. The owner lives off his net produce while a shiftless tenant does the work. This tendency is apparent in every section where high land prices prevail. The present increase of food prices if permanent will make tenant farming universal. We will have a dozen Irelands with the misery which such conditions create.

High prices for good lands mean rich landlords but not full bins from which consumers may draw. This loss is not greater than that which price bidding brings to the poor lands of the nation. It induces people to raise crops for which the land is not fitted. The town public does not realize the marked difference in the productivity of land in localities not far apart. Places in and out of the corn belt often not 25 miles apart have a drop in production from 60 to 20 bushels an acre. The doubling of the price will not make this land a profitable venture. We hear, for example, that two dollars a bushel is not enough to make wheat growing pay. This is not a wild assertion but is true of four-fifths of the land of the country. The same facts hold of corn, cotton or any other crop. The use of poor lands increases waste and causes the misapplication of labor and capital.

The effect of price bidding in food products was fully worked out in England during the Napoleonic wars. The prices being high it was assumed the farmers were prosperous. Yet an examination showed that the most of them were losing money either because of the high rent they were paying or because of the attempt to grow wheat on land not fitted for its production. We will find the same facts and the same failure if we care to examine the condition of our

farmers. They have tried cropping of the good lands and the conversion of poor lands to new uses. Both are failing not only to increase our gross produce but also to create agricultural prosperity. Farmers are asked to augment their production this year by 25 per cent but we shall be lucky if there is not an actual decrease. Wrong methods of agriculture quickly bring their results in discouragement and failure. The bitter lessons are not forgotten for a generation, during which time the nation will suffer a shortage of food.

The American people escaped from the burden of the Civil War by opening up new areas, but this way of escape is no longer possible. All the good lands are in use. Nor are any great industrial inventions in sight such as gave progress in the epoch preceding 1910. Recent changes have been in the domain of consumption. We have built office buildings, department stores and apartment houses instead of giving the railroads the needed additions to their rolling stock. We thus live better, have more leisure, but produce as we did ten years ago.

A rising price of some one commodity may under these conditions create an increase in its supply but a similar rise in all commodities produces no effect but to disarrange industry. Wheat land can be used to raise corn or corn land for wheat but there is in each case a marked loss by the transfer. Raising the price of the one without a rise of price of the other will have an effect in the increase of quantity of the higher priced commodity but if both rise in price, the net result is nil. To illustrate this, I shall give a table showing the price of land at which, for given crops, profit ceases. This is not meant to show the maximum price to which the best land can go. It is the relatively poor land whose use would be altered by the rising price of another commodity. When, for example, will it pay to change a cattle range to wheat production or to stop producing milk and other dairy products? Such questions may be answered by the following table:

Wheat.....	\$50	Potatoes.....	\$70
Corn.....	120	Rye.....	80
Oats.....	100	Dairy.....	60
Cotton.....	50	Cattle ranges.....	20

A glance at the table will show the changes which high prices are producing. They are reducing the supply of meat and milk, keeping the production of wheat stationary while corn and potatoes

are increasing quantities. The shifts which high prices cause are losses since they force the use of land into unprofitable channels.

To make the bearing of these facts clear the reader must remember the importance of the weather in determining gross annual production. It is easy to arrange tables so that they seem to show the effects of prices on production, but it is equally easy to refute such claims by a full statement of the facts. The variations of the wheat crop amount to about 30 per cent, that of the corn and oats to 20 per cent. Up and down the figures move from year to year but with slight increase in the totals if good years are compared with good years and not with the bad. We have reached the limits of our agricultural production unless some great change is made in the method of production or in the efficiency of agricultural labor. For a century we have extended our agricultural areas without such change in the methods of production. Farming as a trade has remained as it was and land exploitation has been carried to a point where gross produce must soon suffer a reduction. We may hope for a stationary product but not for an increasing one. Price bidding does not alter these tendencies but aggravates them by its emphasis of net produce.

In the past we have relied on the importation of labor to augment production and not the increase of its productivity. Wages thus became a distributive problem, each group getting what its position compels. The basis of this situation is changed by the check to immigration which the war has wrought. We have a fixed, not an increasing, labor force. If the demand of the war for soldiers continues our labor force will actually decrease. In either case we must measure the efficiency of labor by other rules than those in use before the war. Each industry is striving to increase its force or to hold its own by price bidding. The net result is a movement of labor from one occupation to others—a striving to do something new rather than the doing of familiar work in a better manner. Here as in farming we get confusion but not increased efficiency. The high wages make many careless and still more extravagant. Workers wander more than they work, and at their new tasks are less efficient than in those they left. Yet the problem is treated as if the new workers in each occupation were fresh immigrants instead of withdrawals from other occupations. We count what the new occupations gain but do not estimate the losses which other occupa-

tions suffer. A few employers may thus enlarge their output but national production will fall off. The net result of the shifting is a reduction in efficiency. High wages thus make for waste instead of promoting the desired ends for which they are given.

However solid the proof of the fallacy of price bidding, the problems involved are not solved by their statement. It is as necessary to show how production is increased as to show what measures fail to attain this end. This proof is secured not by a study of price movements but by a presentation of the facts on which great improvement in production depend. Antecedent to every increase of production, changes in the processes of production have occurred, and to these the enlarged product should be attributed. An increased production is accompanied by falling prices. These two are cause and effect and not rising prices and growing production. Of this fact sugar is a typical case. Formerly it was assumed that sugar cane depended on the sun for its production. Only sneers met the claims of those who wished to make sugar a northern product. Sugar beet thrived in spite of this opposition and in the end made changes in the production of sugar which materially lowered its price. Not only did the product of the sugar beet become cheaper, but also the product of cane sugar was lowered in price along with an increase of quantity.

This was the first great victory of improved production over price bidding. The lesson was soon applied in other fields by which changes in production were wrought which increased the product along with decreasing prices. We now know the importance of the potato in enabling Germany to free herself from foreign dependence as to her food supply. But for the potato Germany would have starved into submission. While we see this we fail to realize that the method by which this large supply of potatoes was secured is the same in essence as that which augmented the supply of beet sugar. Much of the lands now so productive of potatoes were barren soil a century ago. Scientific investigation adapted the potato to these waste regions and a careful analysis of soils enabled the farmers to supply the elements needed for potato cultivation. It is to science and not to price bidding that Germany owes her salvation in both these cases. What Germany has done all other nations must do after the epoch of the extension of cultivated areas is past.

An apt illustration of these facts comes from the recent develop-



ment of an English colony on the gold coast of West Africa. This region for centuries has been one of the most afflicted parts of the world. It was the center of the slave traffic and suffered all the ills which this trade imposes. In addition, it had one of the worst climates in the world. All the fatal tropical diseases burdened the land, making any improvement seemingly impossible. Yet of recent years a thriving civilization has arisen due to the cultivation of cocoa. A great bar to commerce existed in the presence of flies killing all beasts of burden, thus blocking the transportation of goods. This evil was remedied by the use of automobile trucks. The last obstacle to industrial progress was thus removed and the native population seemingly of the most degraded sort responded to the new situation and now market a third of the cocoa of the world. What rising prices never could have done a series of industrial and political changes has wrought. These facts may be duplicated in a thousand places. The world can increase its production many fold but each increase must come from a better application of skill and knowledge to local conditions. Price bidding may be effective as a cause of agricultural extension but it fails when the increased product must come by transforming poor land into good land or by the application of new processes to the land already in use. Here increased knowledge and greater skill are the only agents in the transformation, and with their use prices fall. Beyond the limits to which any amount of price bidding will increase production is a gross product due to increased knowledge, which is cheaper than what price bidding produced.

The production of sheep and wool in England was stationary until improvements in food and in breeding were wrought. It was the turnip and the new breeds of sheep which increased production of wool and not its high market price. The changes in cattle breeding both in regard to milk and beef tell the same story. The growth of these industries is a history of improved methods, each great change in the quantity produced being the consequence of antecedent stock improvements. These lessons America must take to heart if a remedy for our food shortage is to be found. High prices of food products will fail to stimulate an increase of their production. The remedy is in improved methods of production bringing prosperity to the farmer but also cheapness and plenty to the consumer. We can have double the present agricultural output but only by methods which reduce its price.

These facts are as applicable to raw material as to agriculture. We are apt to think of ores as lying in beds of even composition ready to be more fully exploited through a rise of price. In fact, however, minerals are of very uneven compositions, the mass at any given time being of too low a grade to be worked with profit. Rising prices make good mines more profitable but exert little influence in making of low grade ores profitable adventures. They come into use through chemical discoveries which open up new ways of extracting ores from the material with which they are blended. It was not the high price of pig iron which led to the great increase of the steel industry which has recently taken place. It came with new processes for extracting ores and new economies in their manufacture. Of this fact the increase in the production of silver is a good example. Its output remained stable for many centuries, but little affected by its high price. What this high price failed to do, new processes due to an increase of chemical knowledge wrought. A rapid increase in production at a lower price followed. The history of every mineral product tells the same story. Stationary production is the accompaniment of high prices. We get increased production not in this way but by discovery, invention and increased knowledge, making the growth a result of these causes and not of price bidding. High prices is a distributive process creating profits, not a productive process augmenting production. Only when this is seen can an epoch of high prices like the present be understood. The urgency of war leads to vain attempts to speed up production. From them come high prices and inflation, but gross production is more often decreased than increased thereby.

The annual report to stockholders for 1917 from the United States Steel Corporation shows a falling-off of 5 per cent:

	1917	1916
Iron ore mined.....	31,781,769	33,355,169
Limestone quarried.....	6,494,917	7,023,474
Coal mined.....	31,496,823	32,768,381
Coke manufactured.....	17,461,675	18,901,962
Blast furnace production.....	15,652,928	17,607,637
Steel ingot production.....	20,285,061	20,910,589
Rolled steel products.....	14,942,911	15,460,792
	<hr/> 138,116,084	<hr/> 146,028,004

A rise of wages increases the net product so long as the physical standard of the laborer is improved. This standard was for city

conditions about \$800 per family at the prices prevailing before the war. Valid evidence also shows that the reduction in the hours of labor is advantageous to both employer and employe. Such changes should be regarded as a part of production and should be judged from their effects as measured by the gross product of industry. Up to a given point, therefore, a rise in wages or a reduction in the hours of labor is a problem of production and can have their effects measured in its terms. Today, however, wage bidding helps those whose wages are above that needed for a normal standard of living. On a limited labor market each group of employers are bidding for workers, pulling them away from their customary work. I do not wish to imply that workers are not justified in making their demands as urgent as possible and in winning for themselves all the gain their advantages permit. At least they have as good a right to exploit their opportunity as have the other classes who profit by the war. It is one thing, however, to uphold them in their endeavor to alter the distribution of wealth in their favor and quite another to maintain that these higher wages increase the gross output of industry. The railroad workers are asking for an increase in wages which amounts to a hundred million dollars a year. If they get it, will their output be correspondingly increased or will their gains be to someone else's loss. The answer is obvious. There will be no change in the gross output of the railroads for the coming year which can be attributed to changes in the wage scale. Measure these increases by any objective standard and their effects on production will be too small to justify the outlay. What is true in this case is evident in the wage bidding which is occurring in the munition and ship building industries. Labor is disorganized by the inducements which wage bidding creates. The labor turnover is increased; men wander but do not work. The old wage would have produced a greater gross return. Even if the change in occupation came more slowly the new labor would have been more effective. A few experiments in the ship building enterprises should convince the public of the fallacy of price bidding in the domain of wages. A slower start would have produced earlier results.

All this does not mean that improvements in the condition of workers cannot be made. It only shows the fallacy of one way of making them. It is the conditions which surround the worker which determine his efficiency. Improvements in health, sanitation,

housing and other elements in the home environment have a bearing on industrial efficiency and by them are the betterments of the worker to be measured. Price bidding thwarts what the local environment stimulates. It leads to dissatisfaction, dissipation and to misplaced energy. Its lesson is therefore the same as that of other price bidding whether in food products or in raw material. There is an increase of waste but not of product. Increased production comes from an organization of the hitherto unused or partially used elements of the working population. It is easier to raise lower groups to a higher efficiency than to divert well paid workers from one occupation to another. A new industry in war time or in peace should build up its own labor force out of the misplaced or partially used workers. A worker's training can be readily acquired if the discipline and oversight is what it should be. The increase of production mainly depends on moving those below the normal standard of living up to this standard and not on giving more to those above this standard.

Why the moving of workers up to a decent standard of living is a productive problem is clearly shown by the rejection of recruits in the recent draft. Above 35 per cent of the recruits were rejected of which 60 per cent were for removable causes. It is also estimated on the basis of these facts that three-fifths of those between 31 and 45 are physically unfit for military duty. A half of the working population are thus below the normal level of physical vigor and of these more than a half are disabled from preventable causes. When we realize the reduction in labor efficiency which these defects cause, we can readily see what their removal means. Industry would gain both in its gross and net product if the cost of this removal were assessed against it. This shows what a living wage with proper care of health, sanitation and housing would do. The interest of every portion of society is promoted thereby. The sacrifices of the poor aid no one. They reduce both the gross and net return of industry.

The way to benefit the higher class of laborers is not by higher wages but by increased inducement to save. Price bidding makes spenders and increases both extravagance and waste. Saving aids production and modifies workers in ways which increase production. The man who spends all he earns, be he a worker or a salaried man, is dependent on a capitalist class and to increase production will in the long run be the victim of the social order his defects make

necessary. It is higher rates of interest which the uplift of the worker demands. He needs motives to check spending and not a freedom to indulge his caprice.

Price bidding, whether in wages, food or raw material, is thus an evil which thwarts the ends which nations in period of stress should promote. It creates personal gains at the expense of public welfare. It is thus an addition to the evils of war, causing a drain on national resources more pernicious than the losses in the battle field. We face a situation which demands more of all essential commodities and not more of some particular article. The increase cannot come from the outside world from which importations have ceased. The stimulus must arouse home production in every essential occupation. This price bidding cannot do. Only changes in the methods of production and in the efficiency and contentment of labor can remove the present shortage of commodities and restore the equilibrium in our national budget.

Prices rise through a pressure from consumers to augment their consumption. This rise is checked by the consumer's unwillingness to pay more or by this power of securing substitutes for the desired commodity. It is not the competition of producers which lowers prices but the ability of consumers to find substitutes. Prices fall through improvements in production. The fall of prices is checked by the withdrawal of producers through the increase of their costs. The rise of prices and the limits to this rise have their origin in the motives of the consumer. The check to the fall in prices comes from motives acting on producers. The antecedents of rising prices must therefore be sought among consumers while checks to falling prices, just as competition among consumers, fail to check their fall. The controlling motives in each case are those of withdrawal. It is he who refuses to produce and he who refuses to consume who fix prices. The community gains neither by high prices nor by low prices. The nearer the level of normal prices is maintained the steadier will be the growth of national prosperity and the more effective will be the motives leading to increased production. Every nation must guard against the profiteering which high prices make and against the dissipation which low prices encourage. Price changes will cure neither of these evils. The remedy is price regulation to prevent upward movements in prices and rigid restraints on consumption to prevent a misuse of lowering prices. With the latter this paper has little to do except to point out their need.



The evils of an upward trend of prices, however, have been shown, and hence arises the urgent need of price regulation. With normal prices the maximum of production could have been obtained if from the start a certainty of return and not a maximum return had been guaranteed. Normal prices in this sense are a little above the price level of years of scarcity. It is this level which price regulation should seek to make stable. The speed at which the industries of an epoch of peace can be transformed to a war basis is the speed at which laborers can be trained in their occupations and machines adapted to new uses. We recognize that a raw recruit needs a year in which to become a trained soldier but we think a worker can be jerked from one occupation to another in a week. This delusion is delaying our war preparation. Had prices been regulated and price bidding avoided we would be months ahead of what we are. Only rigid price regulation and stern restraints on consumption will carry us successfully through a long war. We can rely on the individual motives neither of the producer nor consumer. Both need to be restrained in ways demanded by the public good. If we are not too long in learning this lesson we will not only win the war but be better prepared for the epoch of peace and prosperity which is to follow.

A complete statement of the effects of price bidding cannot be made. It will be years before all the returns are in. These are however, indicative enough to show the trend of production. Of this the limitation to the cotton crop is typical. The good cotton lands are apparently all in use. The doubling of the price has had some effect on the acreage but none on the gross output.

<i>Production in Bales</i>		<i>The Acreage</i>	
1917.....	10,949,000	1917.....	34,600,000
1916.....	11,511,000	1916.....	35,239,000
1915.....	11,161,000	1915.....	31,412,000
1914.....	15,966,000	1914.....	36,832,000
1913.....	13,677,000	1913.....	37,089,000
1912.....	13,820,000	1912.....	34,283,000
1911.....	14,885,000	1911.....	36,045,000
1910.....	11,426,000	1910.....	32,403,000
1909.....	10,088,000	1909.....	32,044,000
1908.....	12,920,000	1908.....	32,444,000
1907.....	11,678,000	1907.....	31,311,000
1906.....	12,546,000	1906.....	31,374,000
1905.....	10,168,000	1905.....	26,117,153
1904.....	12,162,000	1904.....	30,053,739

The other leading crops show the same limitations except in the case of corn and here the exception is more apparent than real. The increased acreage is due mainly to the use of the silo which extends the planting of corn and into areas where it will not mature. We seemed, for example, to have had a record crop for corn last year but 40 per cent of it proved unmarketable showing that it was grown beyond the recognized corn belt. This increase of corn acreage is also at the expense of wheat. But for the enlarged area for wheat cultivation in the upland states of the west where dry farming prospers, there would be a distinct falling off in the production of wheat. The increase of acreage comes in each case from the attempted use of poor land which yields no surplus and soon loses its fertility. The total value of all crops for the five years up to 1914 averaged 9.4 billion dollars. The total of these crops for 1917 was 19.4 billion dollars. The quantity increases, however, were slight, as the following table will show. The one apparent exception is corn, but this exception is more apparent than real. It is fodder corn and not market corn which is increasing. The quantity of market corn was less last year than for 1915 or 1916.

In the table, page 143, the figures on grain are from the Department of Agriculture, and represent farm values. Sugar values are based on average wholesale price of refined sugar at New York. For meats the figures in the 1911 column represent the average for 3 pre-war years, based on 1911 values. For sheep and mutton, except for 1917, the figures are for years ending June 30 of the years stated. All meat values are based on average wholesale prices of legs (for mutton); rounds (for beef); and loins (for pork) for the years stated.

# THE FALLACY OF PRICE BIDDING

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Commodity	Amount Pro- duced 1911	Total Value	Amount Pro- duced 1914	Total Value	Amount Pro- duced 1916	Total Value	Amount Pro- duced 1917	Total Value
Wheat (bu.).....	621,338,000	\$543,063,000	861,017,000	\$878,680,000	636,318,000	\$1,019,968,000	650,828,000	\$1,307,418,000
Corn (bu.).....	2,531,488,000	1,565,258,000	2,672,804,000	1,722,804,000	2,566,927,000	2,280,729,000	3,159,494,000	4,053,672,000
Oats (bu.).....	922,298,000	414,663,000	1,141,060,000	499,431,000	1,251,837,000	655,928,000	1,387,286,000	1,061,427,000
Rye (bu.).....	33,119,000	27,557,000	42,779,000	37,018,000	48,862,000	59,676,000	60,145,000	100,025,000
Barley (bu.).....	160,240,000	136,182,000	194,953,000	105,903,000	182,309,000	160,646,000	208,975,000	237,539,000
Potatoes, white (bu.)...	292,737,000	233,778,000	409,921,000	199,480,000	286,953,000	419,333,000	442,536,000	543,865,000
Rice (bu.).....	22,934,000	18,274,000	23,649,000	21,849,000	41,325,000	36,673,000	36,278,000	68,717,000
Sugar (short tons).....	960,374	102,664,000	968,674	91,500,940	1,133,626	156,009,600	1,094,240	167,703,220
Sheep and mutton (lbs.)	760,528,000	85,179,136	654,292,000	89,633,804	607,473,000	97,803,153	575,733,000	123,782,595
Cattle and beef (lbs.)...	6,504,011,000	637,393,078	6,832,464,000	908,717,712	7,276,155,000	1,004,109,390	8,611,217,000	1,463,906,890
Hogs and pork (lbs.)...	7,933,168,000	962,333,328	8,319,048,000	1,281,133,392	10,378,274,000	1,703,102,114	8,473,899,000	2,059,157,457
Bales of cotton.....	15,533,073	749,890,000	15,905,840	591,130,000	11,363,915	994,060,000	11,000,000	1,517,558,000
Raw wool.....	331,547,900	52,716,116	346,192,000	60,929,722	300,890,000	83,043,640	298,573,000	140,926,456
Iron ore.....	40,989,808	86,419,830	39,714,280	71,905,079	77,870,553	181,902,277	75,649,000	236,178,000
Copper ore.....	29,988,235	137,154,092	35,175,641	152,968,246	57,667,241	474,268,000	55,600,000	510,300,000
Pig iron.....	23,257,288	327,334,624	22,263,263	298,777,429	39,126,324	663,478,118	38,157,897	111,150,000
Steel rails (number)....	2,823,000	79,044,000	1,945,000	54,460,000	2,855,000	91,360,000	2,925,000	111,150,000
Locomotives built (number).....	2,915	52,002,939	1,485	25,788,078	2,380	57,202,146	3,076	99,267,004
Freight cars (number)...	64,810	59,708,199	95,253	92,123,511	116,016	132,559,842	123,538	206,100,974
Passenger train cars (number).....	3,499	42,837,111	3,623	43,245,569	1,336	17,001,585	1,621	25,072,294
Interurban and sub- way cars (number)....	557	3,417,574	304	1,660,117	552	2,113,520	426	3,569,971
Street railway cars (number).....	3,014	9,120,352	2,101	5,408,444	1,237	4,048,695	1,140	3,984,502

## THE NEED FOR A BUDGET SYSTEM IN THE UNITED STATES

BY CHARLES BEATTY ALEXANDER, LL.D.,

Regent of the University of the State of New York.

The time seems ripe for the introduction of a national budget. Long advocated by students of political science; planned by President Taft; endorsed by the National Chamber of Commerce; agitated in Congress; favored by President Wilson and Secretary of the Treasury McAdoo; urged by the chairman of the committee on appropriations of the House of Representatives, himself an expert in matters of finance; pledged by the Progressive, Republican and Democratic parties in their platforms for the presidential election of 1916; discussed from the platform and in the press all over the country within recent months; supported by the people, who have lately had their attention turned rather sharply toward direct taxation by the federal government; and recognized by the whole nation as a needful measure, the way seems prepared for the introduction of this fundamental reform.

In his message to Congress, on January 17, 1912, President Taft said:

The United States is the only great nation whose government is operated without a budget. This fact seems to be more striking when it is considered that budgets and budget procedures are the outgrowth of democratic doctrines and have had an important part in the development of modern constitutional rights. The American Commonwealth has suffered much from irresponsibility on the part of its governing agencies. The constitutional purpose of a budget is to make government responsive to public opinion and responsible for its acts. A budget should be the means of getting before the legislative branch, before the press, and before the people a definite annual program of business to be financed; it should be in the nature of a prospectus, both of revenues and expenditures; it should comprehend every relation of the government to the people, whether with reference to the raising of revenues or the rendering of service.

Thus President Taft stated broadly the advantages and purposes of the budget system. Though the term "budget" is used in a variety of restricted meanings, this conception of the plan embraces a complete scheme of annual finance for the government; a comprehensive, unified statement, in summary and in detail, of the expenditures on the one hand and of the revenues on the other; at

presentation at every stage, from the submission of estimates, through enactment into law, to its administration and to final auditing of accounts, of a complete view of the whole financial program of the government; something that would show every separate problem with reference to its relative importance and its bearing to every other problem; an assurance of equilibrium of expenditures and income; the preparation of the budget by a responsible executive department which alone possesses the necessary expert knowledge of its vast, technical and various businesses and alone knows its real needs; and the adoption by a legislature responsible to the people.

The management of the public finances is the center of a constitutional system. Nearly every great problem before a legislature presents itself in the tangible form of a proposition of either taxation or expenditure. Ours is the only great nation whose government does business without a budget. Our long years of deficiency in this respect is not a reasonable precedent; nor is this precedent rightly based on historical origin and constitutional reasons. The traditional and generally accepted theory of our government is not referred to in the constitution at all.

The framers of our fundamental law wrote little about budget making but they well understood that it involves the whole character of constitutional government. The constitution deals briefly with finance. It gives the control of the purse to Congress but says little about processes. No method of procedure is prescribed. It has a few general provisions susceptible of wide interpretation and application. It seems to have been assumed that English precedents would be followed, a determined procedure which required no special or limiting provisions. The traditional course was pursued at first in the various acts by which the organization of the government was completed, *i.e.* they were prepared for Congress by the administration. Cabinet officials assumed direct relations with Congress, after the English fashion. In the beginning there were no standing committees in the House of Representatives. The latter simply resolved itself into a committee of the whole for the consideration of financial measures.

But after the government became firmly established and party divisions arose, a profound change took place which the framers of the constitution could not have intended nor foreseen. The con-



stitutional prohibition of office-holders serving as members of Congress was employed to terminate the speaking privilege of cabinet officials in the national legislature. The direct initiative of the administration was thus ended. The constitution contains nothing about the committee system, but such bodies soon arose to intervene between the recommendations of the administration and action by Congress. The incipient method of procedure thus broke down and the American system diverged from its English prototype.

There is lacking in our financial method the element of careful, intelligible, responsible planning. From the very beginning there has been conflict between the executive and legislative branches over the method followed, and criticism of our policy has increased as inefficiency has grown more noticeable and pronounced. Other countries have incorporated important reforms or radically altered their systems of finance, but we have not profited at all by the experience of the civilized world. Our changes have been for the worse. The vast sums necessary to run our government are handled in a preposterous way. In his book, *Cost of Our National Government*, Professor Ford says: "Compared with the exact and minute system of English budget control our methods seem like the ignorant and disorderly practices of barbarians."

The word "budget" can hardly be used at all in relation to our financial operations. The preparation of bills for both appropriations and revenues, the allotment and the spending of the money, and the auditing of accounts are made without any definite financial policy, either executive or legislative.

Some reform is necessary and inevitable. Since the foundation of our government the annual expenditures in normal times have increased from about \$3,000,000 to about \$2,000,000,000. Extravagance and invisible government have brought the budget idea to public attention. Congress and the people both need what they have never had, a comprehensive and clear annual statement of the national finances; some plan that would show each problem with reference to its relative importance and bearing to every other problem. The present trifling and jumbled methods of Congress can not develop real statesmen with a broad national outlook.

No single change in our government would be so largely conducive to efficiency as a proper budget method. It is dictated by

common sense and by common procedure—the best judgment and experience of the management of corporate bodies, both public and private. It is of course encouraging to know how well the system works in England but that is an outside aspect of the problem. We need it because our own form and method of government require it; because the size and complexity of our problem make it necessary for us to see the business of government in perspective and in detail; and because it is an indispensable instrument for financial reforms and economies.

There is and should be a great distinction between the spending policy of the nation in time of peace and in time of war. In normal times every expenditure should be considered with reference to whether it is worth the burden it puts upon the people; but in war all the people have must be spent, if necessary, in order to save the nation. But even so there is more need now than there ever was for a reform in our system of appropriating money, because of the very magnitude of the war finances. The principles of the budget system apply as well to the huge amounts of today as they do to the smaller sums of peace times.

The first need of our Allies is money. The finances of the war have been our first concern. The expense of war now is appalling. The Civil War cost the Union about \$2,000,000 a day; we are now spending about \$20,000,000 a day. The Civil War cost the Union about \$3,000,000,000; the estimate of our expenditures for our first year of the present war is over \$12,000,000,000. The Napoleonic wars (1793–1815) cost England and France about \$6,250,000,000; the expenditure of the Entente Allies for the first three years of this war was more than \$50,000,000,000. We are fighting on foreign soil, at a great distance, and the cost to us of placing a man on the western front is about ten times greater than it is to Germany.

Our financial operations are stupendous. Liberty loan bonds, including the third issue, will total \$8,800,000,000, with indication that the latest loan will be oversubscribed. War savings stamps now yield about \$11,000,000 a week, the entire authorization being \$1,680,000,000 which will be redeemed, at par, in five years, with a cost to the government of \$320,000,000 in interest. The estimated annual revenue from taxation is \$4,000,000,000 or more. At the beginning of the war the national debt was, in round figures, \$1,000,000,000; on January 31, 1918, the interest-bearing debt was almost

\$8,200,000,000, and the gross debt of the nation was about \$8,440,000,000. The per capita debt of our population was about \$10 in 1914; it is now about \$110. The United States has loaned its Allies over \$5,000,000,000. For military and naval establishments and the United States Shipping Board, over \$3,500,000,000 has been disbursed. The total appropriation for the army from April 6, 1917, to April 6, 1918, was about \$7,500,000,000. The navy appropriation for the same period aggregated \$3,350,000,000, and the Shipping Board received \$2,000,000,000 for the purchase and building of ships. There are other extraordinary and colossal expenditures which it is needless to recount.

But we do not despair when we contemplate our resources. The wealth of the United States is estimated at \$250,000,000,000, with an income of \$50,000,000,000—as much as the British and German Empires combined. We have as much gold as Great Britain and Germany, and nearly as much as all the belligerent countries combined. We lead a long way in the production of wheat; we raise most of the world's corn and cotton; produce most of the oil and copper; turn out annually as much steel as Great Britain, France and Germany combined; and possess coal lands as great as their aggregate area.

All the energies of our country must be concentrated upon the prosecution of the war and in meeting the vast outlays which are vitally necessary to that end. The strain will be great. Inefficiency and waste must necessarily increase the burden intolerably, and might prove fatal to our cause, which is the cause of the civilized world.

There is necessity for a budget system as there never was before; and such a reform is now advocated by all thinking men. There is abundant literature for our guidance. The Academy itself, in its *Annals*, has published a series of able papers on "Public Budgets,"<sup>1</sup> with a bibliography of select references on the subject. President Taft made a practical beginning in the application of the budget idea to our national government and devised forms and reports which should prove of great value in the study and formulation of a budget plan. The introduction of such a system would not be the least of the great victories democracy must win.

<sup>1</sup>See *The Annals of the American Academy of Political and Social Science*, November, 1915.

## INTERNATIONAL AND NATIONAL FOOD CONTROL

BY ALONZO E. TAYLOR, M.D.,

Member of the War Trade Board, and of the Food Administration.

The subject of food control is so large and it lends itself with such difficulty to systematic treatment, that I believe it will be a less unprofitable contribution upon my part if I confine myself to three or four points that mean much from the interpretive point of view. We use the word "priority" a great deal, and we mean by it that some one has a superior right to the possession of a particular commodity. Now, in the final analysis, the food problem resolves itself into a problem of priorities, because we do not all possess the same right to food stuffs in the qualitative or quantitative sense.

In international relations, we have four groups of priorities: our Allies, the neutrals of Europe, the neutrals of the Western Hemisphere, and ourselves. The priority claims of our Allies, of course based upon statistical data, are largely the expression of the fact that they have upon their lands the actual fields of battle. The priority claims of the neutral nations in Europe rest upon a peculiar basis, are frequently misunderstood, but are of great importance from the viewpoint both of political and social relations and from the standpoint of the carrying on of the war. We have made definite commitments of food stuffs to Switzerland, Holland and Norway. These commitments are an expression of the realization upon the part of the Allies that the neutrals in Europe occupy a position which compels recognition, entirely apart from humanitarian considerations. Their commerce was free; they secured their subsistence from the four quarters of the globe. They are hemmed in now by a submarine warfare, and their commercial relations are restricted because they are unable, in a competitive sense, to secure in the markets of the world the attention that formerly they did secure. In other words, both the Allies and the submarine warfare of the enemy operate in the direction of restriction of supplies to the neutral nations of Europe. And in consideration of the situation, the Allies owe it to Switzerland, Holland and Norway, in the same

sense that we owe it to Belgium, which is overrun by Germany, to maintain their subsistence; and it is a priority of high order.

The neutrals of the Western Hemisphere have priority rights upon food stuffs of the world. More than that, they have priority rights upon food stuffs of the United States. Prior to the war we had practically ceased to be a food-exporting nation. We were, in fact, a food-importing nation. The neutral nations of the Western Hemisphere secured their food stuffs elsewhere. They supplied raw materials to us and they purchased finished products from us. Be they manufactured commodities or food stuffs, there is no other place now where the neutral nations can secure finished products except from the United States. For example, they used to import cheese from Germany and Holland; they now must appeal to us for cheese if they are to secure it. The whole world turns to us now for food. From most of the neutral nations of the entire world come appeals for certain articles; from missionaries, miners and lumbermen, from the south coast of Africa, the South Sea Islands, China, and all through South America; from every direction come appeals to us for food stuffs of certain kinds in certain amounts, finished food stuffs as a rule, in return for raw products.

These appeals constitute priorities that must be given full consideration by the Allies, entirely apart from our war program; and in addition, in consideration of the war program directly, because food stuffs constitute a fraction of the finished products that we must export as commodities in order to pay for raw materials. It seems to be extremely difficult to secure from the general American public a recognition of the fundamental fact that we must pay for everything that we buy in terms of international exchange; that we cannot pay in gold or securities but must pay in commodities; and, therefore, that the entire standard of life, plane of living and ideas of consumption of the American people must be guided by the consideration that we must ship from this country finished commodities of every kind in order to pay the neutral nations of the world for the indispensable raw materials which we secure from them, that are vital to the carrying on of the war. It is impossible, for example, to expect to secure nitrates from Chili and manganese from Brazil, and so on and so forth, unless we are willing to send women's hats to Chili and worsteds to Brazil and so on. The field of exchange becomes a broad one, but the principle must be estab-



lished that the necessity of paying for raw materials with commodities rather than with gold or securities constitutes a veritable priority claim upon the part of these nations, and this claim extends to food stuffs to a very considerable extent. Lastly, of course, we have our commitments to our own people.

Now, if one studies the situation of international priorities in the other countries at war, where the same situation holds, because even to this day our Allies are compelled to export finished commodities, we realize that these three sets of external priorities, our Allies, the neutrals of Europe and the neutrals of South America, may assume one of two sets of relations with respect to the domestic program: they may be competitive or they may be unified into a single agency. If they were competitive, we would have the British wheat executive, the Swiss food controller and the Cuban Council of Defence competing in the United States for food stuffs, with, of course, the result of laying a foundation for speculation, of which there would be neither measurement nor control.

The only escape from this is to unify all of these agencies and to direct the stream of exports; once it has left the producer it must pass through one single channel to the various lands to which the commodities are to be exported. In other words, there must be one buyer for export. Now, the moment that we assume the second of these obligations, which is to have one buyer in place of many competitive price bidders, we place in the one agency a buying power that is almost immeasurable as against the domestic buyer. This necessarily, therefore, leads to the determination that the organization that buys for export, must be the identical organization that controls domestic consumption and as far as possible the channels of trade. This is one of the most difficult features of food control, in the international sense—the machinery by which we will supply the food stuffs due to our Allies, to the neutrals in Europe and to the neutrals in the rest of the world from our stocks, without compromising our domestic situation or allowing the buyer of a foreign agency of this type to appear upon the domestic market. Obviously, an analysis of such relationship from the classical standpoint of supply and demand, becomes directly out of question.

Leaving now the international group of priorities, we have domestically also three groups of definite priorities that must be given consideration. And here again we find it in this country, as in

England, France and Germany, a very difficult problem to secure assent to the proposition that there are differential priorities within a nation. We are possessed of equal rights in liberty and in the pursuit of happiness; but this does not mean, in war time, an equal right for the possession of specified food stuffs or comestibles regarded as a unit. The first priority naturally goes to the military forces, and this priority is one not only extreme in amount but very specific in other directions, since the standardization of the requirements of the military forces has been brought to a point of practical perfection. The specifications are very high and the demands are definite, and it is necessary in order to fill these demands that a waste of raw commodities occur, which is not true in the case of articles for civilian utilization. For example, if we wish a million shoes for civilians, it is very different from getting a million shoes for soldiers, since a million soldiers' shoes destroy far more cow hides than a million civilians' shoes, because of the higher requirements. Thus, the priority of military requirements becomes a difficult one because it exercises a disproportionate drain upon our commodities, and the full requirement of the soldier is many times the mean requirement of the civilian.

Secondly, there is a very definite priority in favor of the working classes. This priority has been met abroad in one of several ways—at least, they have attempted to meet it in one of several ways. But they have all finally come to one solution, or one attempted solution, and that is direct subsidy. Nowhere abroad today among the warring nations, in England, France, Germany or Austria-Hungary, do they attempt to secure for their working classes food at the wage of the classes themselves; but there is everywhere,—to a different extent in the different countries and with different commodities—a direct subsidy on the part of the state. Every English workman who purchases bread for 9 cents knows that it costs the state 12 cents; every German workman who purchases potatoes for M. 5.75 knows it costs the state M. 7.50. There is a fixed price for the producer and consumer; in order to secure the subsistence of the working classes at the prevalent wage, they are compelled to make a direct subsidy to the working classes. We are not in that situation, but we have imposed upon us an equally pressing obligation. There are classes who can adapt consumption, and the classes who can yield and who have the leeway, must grant

that leeway to the working classes if we are to avoid the final step to which our Allies have been driven.

There is an excellent illustration in the case of wheat just now. We have not enough wheat left in this country to supply our own usual demands, because it has gone abroad to our Allies. There is not enough wheat left to supply each person in the United States with the normal amount; nor is there enough left to maintain half of the normal flour consumption. Wheat has a fixed price to the producer. Wheat flour is the cheapest food, practically speaking, on the market today. We wish to send wheat to our Allies, the chief reason being that wheat lends itself to the subsistence of our Allies with the least degree of labor; our Allies are overworked to a very much greater extent than we are and to an extent of which Americans have little conception.

Since our Allies are overworked, they ought to receive consideration at our hands in every direction. We want to send them a food supply at the least outlay of woman's work, and that is why wheat is going to them. Now, that being true, we are deliberately cutting our wheat supply down and leaving the rice, corn and oats supply high. Now, the same state of affairs that induces us as a nation to elect to eat oats, rice and corn in this country in order to send wheat abroad is equally imperative upon the well-to-do classes and the rural communities, who have freedom of choice, to elect to eat corn, rice and oats and allow the working classes in the cities to have wheat flour in disproportionate amounts. If it were to be put in figures, for example, I should say something of this sort. We have statistically eight pounds per person per month of wheat flour. Now, until the new crop, every person of means ought to make it possible for a laboring man, whose wage makes it a difficulty for him to meet the cost of subsistence, to have not eight pounds but, let us say, twelve pounds. In other words, each one of us must average off our consumption with the consumption of a worker whose wage will not permit him to elect a higher priced food instead of wheat flour.

For the wheat still unconsumed, the same argument that holds between us and France, holds in this country, as between the well-to-do and the rural communities on the one hand, and the wage-earners of the large cities on the other, because it is the wage-earners of large cities who feel the very narrow margin between

wage and cost of living. This is a priority of great importance for the maintenance of social rest and industrial efficiency. If this priority is not guaranteed and maintained by the voluntary efforts of the American people, we will face the precise situation they have all been driven to abroad, that of direct subsidy, much as this would be against the traditions of the American people. If we should continue to face with our cereals stocks the same situation next year that we are facing now, we would have to judge between our present attempt at solution and the situation into which the British government has been forced, because in the final analysis, the relations are absolutely identical.

A peculiar experience is observed in connection with the relation between priority and price. It has been a common theorem that production could be enlarged by increasing price. This has been proved for agricultural products, regarded as a unit, to be fallacious. Nowhere in the warring or neutral world has increase in price resulted in increase of production as a unit. One can secure increase in a particular direction, but it will be at the expense of another direction. In England today the increase in production of wheat is secured directly at the expense of the production of other food stuffs. This is true in France, in Germany, and in all the neutral nations around Germany; high prices to the producer under war conditions do not and cannot lead to increased production. Now priority appeal does this in a particular direction, in the experience of the nations at war, more effectively than price.

The present cry is for wheat in this country. It is a priority responsibility. It is recognized that wheat need has a priority in this war; the farmer planted wheat not because he believed \$2.20 to be a better price for him than the possible price he hoped he might secure for other grains—he has planted it unquestionably as a direct response to the priority appeal. Here we have the same situation that they have found abroad both with the Allies and with the enemies. One secures a public response from the standpoint of producer for production in a certain direction more effectively by having it issued as a priority appeal, and having it understood that it is a priority essential to war, than by price elevation. In other words, in the final analysis, the public is essentially and deeply patriotic and understands what the word priority means.

Now, there is a way in which food stuff can be increased in war

time, though not as a unit by the increase of price. It is by the re-definition of the standard of life. What do I mean by that? I mean that we utilize only a small portion of our crops as they are raised, as they leave the land, for the finished product on the table. We never eat over 5 per cent of our corn or over 10 per cent of our oats, but we consume all of our rice and wheat. We have so specialized in food production that we consume but a small amount of our produce. If we were to take the ration of the American people in 1888 and apply it to the American people of today, with our present production, we would find ourselves blessed with a superabundance that we do not possess today, because the standard of what constituted subsistence then was nearer the soil—more elemental; it demanded less manufacture, less handling, and, of course, less waste. Now we can secure an increase of food stuffs by going back—by the simplification of life. Every pound of meat we consume is produced at the cost of ten or fifteen times the unit value of its caloric content. With the nations at war the diet becomes more simple, more vegetarian, more rough; and thus they find the differential between the total produce and the consumed fraction much smaller.

Four months ago we did not possess milling facilities in this country to carry more than half of the cereal requirements for cereals other than wheat. Today we mill corn and other non-wheat cereals in amounts not only sufficient to cover the non-wheat requirements of the American people but also to freely export them, indicating to what degree the feature of manufacture bears on utilization. We say that we had 1,300,000,000 bushels of oats last year, but we only manufactured 8,000,000 barrels of oatmeal; and as oats cannot be consumed by human beings in any other state, the real definition of our oat food is not the yield of oats at all—it is the milling capacity for oatmeal and that alone. Just as this is increased and as we increase industrially the output in these directions, and as diet of our people becomes more simplified and more primitive, we secure an increase in human food. But we do not secure it by increasing prices on all food stuffs, either artificially or naturally, by fixation or speculation, so long as we define food by the present standard of living.

And lastly, the point that impresses itself upon every man who has observed on both sides—and it has happened to be my privilege



to observe on both sides of the battle line—is the almost utter futility, or, at least, the very great difficulty, of getting a nation to save food, even one commodity of food, before it has attained the sacrificial consciousness of war. We cannot expect a nation to save food if it does not save automobiles, graphophones, hats, shoes and all commodities of life, especially luxuries. It is impossible. One cannot separate out of one's consciousness a particular commodity and give it a priority in saving. A fraction can do it—perhaps 30 per cent of the people can do it;—but a people as a whole cannot do it, and that is the reason why in this country we have, just as they had in England in 1916 and in Germany in 1915, difficulty in the program of food conservation because our people have not yet attained sacrificial consciousness for the carrying on of the war—in which we view every act of our lives and everything we do and everything we wear and everything we eat, and everything we desire, and everything we use, from the standpoint of a new rule, whether it will or will not aid in the carrying on of the war, whether it is or is not a positive military measure. That is the final step of analysis in all systems of food-control. When we have reached that plane, as they have reached it in England and France, the whole problem of control becomes simplified, because the motivation is there that makes it possible to carry through a repression applied to foods in general or to any particular food.

#### ESSENTIALS TO A FOOD PROGRAM FOR NEXT YEAR

BY GIFFORD PINCHOT, LL.D., Milford, Pennsylvania

Food has been our greatest contribution to the war, and it is likely to continue so. Heroic France is today actually so short of food that she has been obliged to cut down her consumption of wheat 25 per cent, her consumption of sugar 49 per cent, and her consumption of fats 48 per cent, in spite of all we could do to help. That fact brings home the part the food we alone can supply has been playing and is to play in winning the war. Great Britain, also, is dependent still for 65 per cent of her essential foodstuffs on Canada and the United States.

Food is our greatest contribution to the war, and our greatest

domestic problem as well. From March 1, 1916, to March 1, 1917, the reserve of the six principal grains in the United States was reduced by an amount equal to one pound per day for every man, woman, and child in America. The difference between the amount of grain in our country at the beginning and at the end of that one year was greater than any crop ever raised in the United States, with three exceptions. We are not only faced with the duty which has been laid upon us to supply food to our Allies and to the neutral nations of the world, a duty which we must perform or lose the war, but also with the duty to restore our own reserve of grain to a point where a single bad crop cannot mean famine in the land. The food situation is serious, if anything can be.

The amount of food available can be increased by producing more or by using less. Nine-tenths of our attention in the United States seems to have been given to saving what we had instead of to the vastly more fundamental question of producing more. If we had concentrated on the question of larger production a reasonable fraction of the attention, ingenuity, and effort that has been given to conservation, there would have been far more food for our Allies and our own people, and much of the painful need for saving as well as the anxiety over supply would have disappeared. It would be hard to imagine a more grievous and unnecessary mistake.

It is substantially too late to increase the crop of 1918—that is fixed, except as cultivation and the weather may affect it still. It will be large or small, as may happen, and there is little we can do about it. The indications are that an exceptional spring will give us far more wheat than we had a right to expect from the area planted. But we cannot safely count on a repetition of such good luck. Now is the time, while action can still produce results, to plan for the crop of 1919.

Increase of crop production is mainly a question of dealing with men. To secure a larger crop is a matter of getting the farmers to produce more, and in order to do that we must deal with them as they are, and take measures such as will fit their circumstances, meet with their approval, and therefore produce results.

One of the main difficulties in our food situation has been that the officials in control have not understood the farmer. We have had the city man's point of view in control of the food question, and not the point of view of the man who produces the food. But the

farmer is the man who grows the crop, and to get him to increase his crop you must reach his heart and his mind. But he cannot be reached along the lines that appeal to the banker, or the merchant, or the brick-layer, or the hand in a factory, but only along lines that fit in with the ways of thinking and living of the man who actually walks in the furrow and milks the cow. And that has not been done.

I am not going into the question of the mistakes that have been made. We are at war, and the past is valuable mainly as a warning. The thing to be done now is to provide for the next crop, leaving the story of what has already happened to be written afterward. When that story is told, the facts concerning the relation of our government to the farmers during our first year in the war will make the story of our blunders in aircraft production look small in comparison. If our farmers, in spite of the failure of the government in organization and understanding, in spite of the lack of labor, credit, and supplies, still increase or maintain the crop production of last year, it will be an achievement far beyond all praise, and it will have saved the nation from losing the war.

The farmer is a member of a highly skilled profession. There is no other man who works for as small a wage who is as skilled a worker as the farmer, and there is no other man who requires as large a field of knowledge to be successful with the work he does. In talking recently to a body of farmers, I assumed that it takes about three years to make a skilled farm hand. Immediately a gray-haired man in the audience spoke up and said, "Ten." To make a farmer capable of directing the work of a farm of course takes very much longer. All this is not generally understood in town. I had occasion, the other day, to tell an energetic, robust and intelligent city man that he could not earn his keep on a farm. He was inclined to be hurt, and very much surprised. "Why," said he, "I supposed anybody could work on a farm." Said I, "A farmer wouldn't have you on his place," and it was true.

A farmer is not only a member of a highly specialized profession,—we must remember that he is also a business man in a business which involves taking larger risks than almost any other business. In addition to all the ordinary chances of business, he is subject to the weather to a degree that is otherwise practically unknown. More than that, he has his own way of thinking, and having reached a decision he is slower to change than the city man. Our city people

are inclined to look down on the farmer. They sometimes think of him as being different from them, and therefore inferior. But this is very far from true.

When all is said and done the man who owns the land from which he makes his living is the backbone of the country. Furthermore, with his family he makes up one-third of the population. Even from the point of view of organization he is not to be despised, for our organized farmers are more in number than the whole membership of the American Federation of Labor.

The demands which will be made upon us for food in 1919 and 1920 will be enormous, and they will be made absolutely irrespective of whether the war ends or not. When victory comes we shall have more, and not less, people to feed than before, for the demands of half-starved Germany and Austria will be added. The ending of the war will produce no more food and no more ships. It will not bring the wheat of India or Argentina or Australia a mile nearer to London or Berlin. The demand on us in 1919 will be colossal whether the war ends or not.

What then must be done to reach the farmer, supply his indispensable needs, and make it possible for him to produce in 1919, when he would like to produce what the nation and the world vitally needs that he should produce, but what the bungling of men in high places bids fair to keep him from being able to produce this year?

First, wipe out the distinction which has been held, and most harmfully held, between the production of food and the use of food. Our conservation measures have been directed upon the theory that the production of food was unchangeable, like the tides or the coming of day and night, and that nothing that was done with the food after it was grown could increase or decrease the growing of food. That theory is wholly mistaken. Very much to the contrary, everything that is done to conserve food, to regulate price, to restrict use, to promote saving, has its direct effect on production. Food is a commodity, and the law of supply and demand, when not repealed by monopoly, applies to food as it does to any other commodity. Conservation measures affect demand. Therefore they must influence supply, or production also. The farmer determines what he is going to grow next year, subject to the demands of his rotation, by the success he has had with the things he grew last year. He is in business to make money. Therefore, he will grow most of what pays best, and he cannot do otherwise.

Take the matter of milk, for example. Whatever reduces the consumption of milk tends to result in less milk for those who need it instead of more. The farmer must milk his cow daily. If, because of any "Save the Milk" campaign, the demand for his milk is cut off, in self-defense he must cut off the supply. He cannot produce milk at a loss. He cannot turn a tap, and hold his milk for a later market. So he reduces supply to the level of demand by selling the cow to the butcher. But if the demand increases at a living price, he will keep his cow and raise more. The more consumption of milk is stimulated, the greater will production be, and the more consumption is reduced, the less the supply of this best and cheapest of animal foods for all of us. A "Save the Milk" campaign is a blunder into which only a city mind could fall.

Chickens, potatoes, veal, lamb, and other produce might likewise be cited to show how the conservation of a farm product has an immediate and direct influence on the production of it, and how wise and skillful a hand is needed to deal successfully with the amazingly sensitive and pervasive relation between agricultural production and the conservation of agricultural products.

The first thing to be done in preparing for a crop in 1919 large enough to meet our foreknown needs is then to wipe out the artificial wall which has been created between food production, which has been assigned to the Department of Agriculture, and food conservation, which the Food Administration supervises and controls. If actual consolidation is impracticable, then at least such coöperation should be enforced between them as will effectually prevent the taking of any conservation measure until farm experts have considered and approved it in relation to production.

The second thing is to see that the farmer has the means with which to produce. Of these, the most important is labor. Man power in agriculture has exactly the same value as man power in war. Since neither high school boys, nor failures from the slums, nor casuals from the streets, nor women on vacation can supply the year-long need of the American farmer for skilled labor, since even before the war began farm labor was probably 10 per cent short, since more than a quarter of our National Army is composed of skilled farm workers, and since it is not easy to grow more crops with less men, the labor situation is critical.

Normally, there is about one farm laborer to every two farms



in the United States. We cannot feed our people and our Allies without the farmer's hired man, but farm help is hard to find and hard to hold. As a rule, the farm laborer has small pay, long hours, complicated tools, and, therefore, the necessity for very high skill in handling them. He does a great many different things, and he must do them with skill or not at all. Then he is often quite isolated; he suffers from exposure to heat and cold; he has no holidays and very few pleasures; and he can get better pay and easier hours elsewhere. It must be made worth while for farm hands to work on the farm.

The government must give the farmer reasonable confidence that in 1919 he will have labor, that he will have seed, fertilizer, farm implements, and credit,—all upon terms that will enable him to produce without loss. There is nothing so destructive of business enterprise as the lack of confidence, and the American farmer has not had confidence this year. It was his patriotism, and nothing else, which led him to plant 42,000,000 acres of winter wheat.

The farmer knows as well as any one that the price of \$2.20 a bushel for wheat was not fixed in order to guarantee him a high price. It was fixed in order to guarantee the city consumer against a higher price. The \$2.20 limit was not an effort to keep the price of wheat up, but a successful effort to keep the price of wheat down. Price fixing of that kind does two things—it discourages production, and it increases consumption,—and these are just the two things that, in the face of a scarcity, we cannot afford to have done. I have no doubt that our acreage of winter wheat this year would have been as large as the Department of Agriculture asked for, if it had not been for the knowledge of the farmers that the price they were getting was being held down by artificial restriction when the prices they were paying were rising at pleasure. As it was, the area planted to winter wheat, while very slightly larger than for 1914, was no less than five million acres smaller than the Department of Agriculture indicated as being necessary to meet the needs of this country and of our Allies. That is the essential figure—five million acres less than the Department of Agriculture asked for. Comparisons with normal times are meaningless or misleading now. The true standard of judgment is what we need now to win the war, not what we used to need in peace.

The farmers raised a great crop last year, at the urging of the government. Many of them lost by their patriotic effort because

the marketing facilities were not properly organized. Men who even sent their wives and daughters into the fields found themselves at the end of the season very much out of pocket. The point is not so much that they lost money, but that they cannot lose money and go on farming. The average farmer in this country gets only about \$400 cash a year. He cannot keep on farming if he loses many acres of potatoes, as many and many a farmer did in Pennsylvania and other states, when it costs him \$90 an acre to put those potatoes in.

The farmer sees that nearly every other producer of the things essential for carrying on the war is assured of a profit. He reads that at Hog Island the government is furnishing money, putting up houses, finding labor, and then guaranteeing a definite percentage of return to the men who undertake the work. He reads of the same thing in other war industries. He has heard that the government is going to put billions of dollars into such industries at huge aggregate profits to their promoters. He does not want huge profits himself,—well he knows he will not get them—but he does want reasonable business security, and it is fair and right that he should have it. At present it is denied to him, and to him almost alone.

Finally—and this, I think, is the most essential need in the whole situation—the farmer must be taken into partnership in the handling of the war. So far as I know there has not been a representative of organized farmers in any position of high responsibility in any organization in Washington charged with the conduct of the war. A third of the people of the United States, who have been producing food, the admitted first essential for the successful conduct of the war, have been denied a voice in dealing with the great questions, even the farm questions, which concern the war. It does not amount to representation for a third of the people of this country to occasionally call a few farmers to Washington for a few days, there to tell them what has been done and secure their approval.

The treatment of the organized farmers may well be contrasted with the proper recognition that has been given to organized labor. A special branch of the Council of National Defence was established to represent it, and organized labor has from the beginning been properly recognized and continuously called into consultation. All I ask is that the enormous body of organized farmers, representing the largest single element among our people, supplying a more essential ingredient for the success of the war than any other, should

themselves have that proper consideration, which is admittedly proper in the case of organized workers off the farm, and certainly is no less proper in the case of organized workers on the farm.

The farmer feels deeply that he has been left out. Again and again, through the Federal Board of Farm Organizations, he has offered his services; again and again he has asked for a working partnership in the war; urgently and repeatedly he has called attention to his lack of necessities without which it would be impossible for him to carry out as fully as he would like to do the duty which the war has imposed upon him. Grudging and merely ostensible recognition, and officially inspired reproof have been substantially the only results. Now is the time, well in advance of the crop of 1919, to call the producers of this country into consultation, to see to it that the farmer's point of view is fairly represented in dealing with farm questions, that matters which are within the knowledge and the competence of this highly trained class of men should no longer be dealt with as they have been dealt with hitherto—almost purely from the point of view of men who were ignorant of the farmer's mind, and apparently altogether out of touch with the conditions under which the farmer does his work.

This is my last word. Remember that farmers are just as different from city men as city men are different from seamen, and that in dealing with farmers, as in dealing with any other highly trained and specialized body of men, success depends on the use of methods which they understand. This fact the city mind seems wholly unable to grasp, and it is the city mind which is in charge of this war. The one thing most needful in order to secure for the world in 1919 a crop equal to the need we know is coming, is to make the farmers of the United States cease to feel that they are outsiders in the war, exhorted and preached at by men who do not understand them, and to take them into a really effective and equal working partnership, and to see that they are recognized as partners on that basis in the winning of this war for human liberty.

## THE SUPPLY OF WHEAT

BY GEORGE W. NORRIS,

Farm Loan Commissioner, Federal Farm Loan Bureau, Washington, D. C.

We are not at all concerned with the food problems of the Central Empires, and we are not particularly concerned with the problem as it affects neutrals. We are, however, vitally concerned with the problem as it affects our Allies. Prior to the war, the average annual wheat production of Great Britain was 61,000,000 bushels and its consumption 282,000,000 bushels, so that it had to import annually about 221,000,000 bushels. France produced 324,000,000, consumed 379,000,000, and therefore had to import 55,000,000. Italy produced 191,000,000, consumed 249,000,000, and therefore had to import 58,000,000. The three countries together produced 576,000,000, consumed 910,000,000, and therefore had to import 334,000,000.

With the outbreak of war the production of these countries necessarily fell off, due partly to the fact that there was a shortage of farm labor resulting from the draft for war purposes, and partly also to the fact that a large part of the best wheat lands of France lie in the occupied or devastated regions in the northeast. As a result of these conditions, the 1914 production of wheat by our three Allies fell to 89 per cent of their normal. This percentage was reduced to 81 in 1915, to 77 in 1916, and to 60 in 1917. Translating these percentages into bushels means that in 1917 these three countries had a deficiency from the normal of 228,000,000 bushels. Adding this to their normal pre-war importation of 334,000,000 bushels, we get 562,000,000 bushels as their import requirements to meet normal consumption.

## WHEAT RESOURCES OF THE WORLD

Where were these 562,000,000 bushels to come from? The four great exporting countries of the world are Russia, the United States, Canada and Argentina. Internal conditions in Russia and transportation difficulties made it impossible to expect any help from that source. The normal exports from the United States before the war were about 116,000,000 bushels, from Canada 111,000,

000, and from Argentina 100,000,000—a total for the three of 327,000,000, or just about three-fifths of what was required. The great demand for tonnage made it almost impossible to draw to any great extent upon the Australian or Indian surplus, and undesirable to import from Argentina if the needs could be met elsewhere. The reduction in farm labor resulting from the heavy enlistment in Canada made any great increase in the Canadian supply unlikely.

Manifestly it was up to the United States to supply the largest possible measure of the deficiency. It was not reasonable to believe that our exportable surplus could be very greatly increased by economy in home consumption, because, wasteful as we have been in other things, we were not great wheat eaters. The consumption in this country is only about six bushels per capita per year, which is about the same as that of Great Britain and Spain, and less than Italy or France. Ordinary economy in home consumption could not add more than from fifty to one hundred million bushels to the exportable surplus. The circle therefore narrowed until there was only one possible outlet. There were no other countries that could be drawn upon and our home consumption could not be curtailed to an extent that would go very far toward meeting the export demands. The only remedy was increased production in the United States. Prior to our entrance into the war, the high price of wheat was a sufficient incentive for such increased production, while since our entrance into the war there has been the added and it is to be hoped even greater incentive of supplying our Allies with the staff of life.

What were our opportunities in this respect? In 1910 we had 45,681,000 acres in wheat and raised a crop of 635,000,000 bushels. In 1915 we had increased the acreage about one-third to 60,469,000 acres, and the crop nearly two-thirds to 1,026,000,000 bushels. It might have been supposed that we would make another increase in both acreage and production in 1916 and a still further increase in 1917. Instead of doing so, our acreage in 1916 fell to 52,785,000, and the crop to 640,000,000 bushels. In 1917 the acreage fell still further to 45,941,000, with a crop of 651,000,000 bushels. In other words, the 1917 acreage and crop was almost exactly equal to that of 1910, and represented only three-fourths of the 1915 acreage and less than 65 per cent of the 1915 production.

In the meantime, reserve stocks had been exhausted; our Allies in spite of the greatest economy in consumption had been reduced to



bread cards and rations; and the situation was so acute and so plain that he who ran might read. It called for extraordinary and heroic action. The Treasury Department was confronted last year with the problem of raising \$6,000,000,000. It was raised, but it was not raised by any ordinary or routine methods. It was only raised by making plain to the people of the country the vital necessity of raising it, and by enlisting the interest and the personal efforts of hundreds of thousands of the patriotic men and women who are today conducting the third liberty loan campaign. Unless that money had been raised in this country, neither we nor our Allies could have fought this war as we have, or indeed at all. Unless more wheat can be raised in this country, it is a very serious question whether our Allies can continue to wage war.

#### THE FARMER'S PROBLEMS

I have said that in 1915 there were nearly 15,000,000 more acres planted to wheat than in 1917, and that these 15,000,000 acres were land suited to the growing of wheat was proven by the fact that the production per acre that year was greater than in 1917. The American farmer cannot be expected to sow wheat or cotton or any other crop on land not adapted to its cultivation, but there are more than 60,000,000 acres of land in the United States adapted to the cultivation of wheat. What did the farmer need to induce him to put 70,000,000, or 80,000,000 acres into wheat? He needed first of all to have his attention focused upon the critical nature of the situation. He needed to have made plain to him that there was a distinct and positive call upon his patriotism. In the second place, it was necessary in some localities that he should be supplied with seed, for cash if he had the cash to pay, and on credit if he had not. It was a situation where either the government or local organizations or, if necessary, private individuals should take some risks in financing it. The risk of financing the farmer's requirements for seed on the security of a crop lien is very slight. In the third place, he needed every assurance that could be given him that the capital that he would need to make and harvest his crop should be available. Here again the help of local associations and groups of bankers might have been enlisted to a much greater extent than it was. In the fourth place, he needed an assurance that he would be able to get labor. Holding out to him the promise of a large price for his crop

could not take the place of these assurances, because it is of no use to offer a man a high price for his crop unless he can have a reasonable assurance that he will be able to produce the crop.

To what extent were these assurances given? In the President's message to farmers on January 31, he said: "The attention of the War Department has been very seriously centered upon the task of interfering with the labor of the farms as little as possible, and under the new draft regulations I believe that the farmers of the country will find that their supply of labor will be very much less seriously drawn upon than it was under the first and initial draft." This was a statement of the fact that the attention of the War Department was centered upon the task, and of a belief that the farmers were to find their supply of labor very much less seriously drawn upon than it was in the first draft, but admirable as that message was it could not afford the farmers the assurance needed. In the Department of Agriculture's appeal to farmers to increase wheat acreage, published on February 19th, it was stated that: "While the labor situation still presents difficulties. . . . the farmers succeeded in overcoming them last year, and with better organization, and especially with deferred classification of skilled farm labor, the difficulties again can be surmounted and production maintained and increased." This was encouraging, but was not yet definite. In another statement, it was said that the Departments of Agriculture and of Labor were "continuing to assist farmers in securing the labor needed in their operations," and were planning to assist in the transfer of labor from community to community and from state to state, but it was not until a few weeks ago that there came a definite announcement from the War Department that drafted men who were needed on farms would be given a furlough for that purpose, and that no additional men would be drafted before the end of the present harvest season.

Whether this last announcement has come in time remains to be seen. Winter wheat, which represents considerably more than half of our total production, was of course planted last fall, and fortunately it has come through the winter so well that the present forecast is for a crop of 560,000,000 bushels, which is about one-eighth above the 1910-14 average, although over 100,000,000 bushels below the forecast at the same period in 1914 and in 1915. An unusually large acreage is being sown to spring wheat, and the size of our ex-

portable surplus next fall is now dependent upon the kind of weather that we get this summer. It is not possible that we shall be able to export anything like the amount that we ought to export, and there can be no doubt that we should exert to the utmost the only power that we have—that of economizing in consumption. Unless we should be fortunate enough to get an unexpectedly large crop of spring wheat this summer, this economy must continue not only through this calendar year but at least until next summer. It is to be hoped that before the time for the sowing of winter wheat next fall there will be effected the same sort of organization for getting wheat that has been effected for getting dollars, because the one is just as vitally important as the other.

#### THE LIVE-STOCK AND MEAT SITUATION

BY L. D. H. WELD,

Manager, Commercial Research Department, Swift & Company, Chicago.

In consideration of war-time food problems, there is perhaps no industry which is of more vital importance than the live-stock and meat industry. Meat furnishes an extremely important part of the soldier's ration and of the family diet in America, and the demands from the Allies have been increasing. Furthermore, there is no industry in the country which can point to such a proud record of achievement, in that the live-stock raisers and the packers have fulfilled all war-time demands, and have delivered promptly.

The accomplishments of this industry are all the more remarkable when one considers the situation immediately preceding the war. Live-stock production had not been keeping pace with population. There was, however, no need for it to do so, because until recent years we had always had much more meat than we needed, and we exported heavily to foreign countries. Since 1900, Argentina and Australia have been gradually taking our place in foreign markets because they could produce beef and mutton more cheaply than we could. As a result, our exports had dwindled to a very small amount before the war, and we were producing only enough to feed ourselves. With the outbreak of the European war, unusual demands were made on the United States for beef and

pork and fats. Our exports of beef products increased from 148,000,000 pounds in 1914 to 411,000,000 pounds in 1917, and our exports of pork products increased from 922,000,000 pounds in 1914, to 1,500,000,000 pounds in 1917.

#### INCREASING PRODUCTION

To satisfy this demand from abroad, the American farmer came to the rescue by increasing his production of live stock, with the result that there are more cattle and hogs on farms today than ever before in the history of the country. During both 1916 and 1917 there were more cattle marketed than ever before, and it was commonly thought that these large shipments must mean that the stock of live animals was being sacrificed to supply the great demand. The estimates of the United States Department of Agriculture, however, showed an increase in the number of cattle on farms for January, 1917, as compared with January, 1916, and a still further increase was reported for January, 1918.

The number of hogs marketed in 1917 was not quite as large as the number marketed during 1916, but it was greater than for any year previous to the war. The Department of Agriculture estimates show an increase in the number of hogs on farms for 1918, and hog production has been increasing rapidly during the past few months due to the large corn crop of 1917, and in spite of the fact that much of this corn is of poor quality.

Because of the smaller marketings of hogs during 1917, and because it was believed that the supply of cattle was being used up, it appeared during the fall of 1917 that there might be a shortage of meat. Consequently the Food Administration took the matter in hand and established a department known as the Meat Division, to handle problems connected with the live-stock and packing industry. The Food Administration has done five principal things in attempting to improve conditions in the live-stock and meat industry:

1. An attempt has been made to encourage the production of hogs by promising to maintain, if possible, a minimum price of \$15.50 per hundredweight in Chicago. This was not an absolute promise on the part of the government, but it was believed that through purchases for the army and the Allies, the price could be kept above that point. This announcement undoubtedly en-

couraged farmers to breed and feed hogs during the winter, and the Chicago price has remained well above this minimum practically all of the time. Hog production is generally conceded to have been profitable to farmers in the corn belt during the past few months.

2. The Food Administration attempted to reduce consumption of meats by establishing meatless Tuesdays, porkless Saturdays, and one meatless meal a day. Parts of the country had two meatless days a week. The stock raisers of the country have never been enthusiastic about meatless days and have continually protested against them on the ground that they reduced demand, and consequently prices, with the result that their feeding operations were rendered unprofitable. It is undoubtedly true that many farmers who bought cattle at the high prices which prevailed last fall, merely to fatten them for market, have lost money during the winter, although those who have held long enough to obtain advantage of the increase in prices that has been occurring during March and April may have come out whole or even made a profit on their season's operations.

Since January, 1918, there has been a great increase in the number of hogs marketed and in their average weight. The number received at ten principal markets was 18 per cent greater for February and March, 1918, than for the corresponding two months in 1917, and the average weight showed an increase of about 14 per cent. This means that of late pork production has been nearly one third greater than it was last year. It was largely because of this situation that all bans on meat consumption were removed for a period of thirty days beginning the first of April. At present, pork is plentiful and the packers have larger accumulations of pork products than ever before. It is perfectly legitimate and patriotic to eat pork now (April, 1918); otherwise the price may fall and thereby discourage production.

Meatless days undoubtedly made available for shipment to the Allies larger quantities of meat than would otherwise have been the case. This is especially true of beef, which was accumulated by the packers in the form of frozen beef during the fall months of heavy receipts and held for future shipment. These stocks of frozen beef have subsequently been shipped to the Allies, and beef is none too plentiful at present although there is no shortage.

3. The Food Administration has centralized the purchase of



all meat supplies for the Allies in the Meat Division. This policy has been highly beneficial because it results in the better adjustment of purchases to actual needs and avoids duplication of effort.

4. The Food Administration has attempted to regulate the daily receipts of live stock in Chicago and Kansas City by establishing a zone system of shipment. Formerly live-stock shipments reached Chicago on two days of the week, chiefly Monday and Wednesday, and this custom, which grew up years ago, has been one reason for the fluctuation of live-stock prices. Although this zone system has not been entirely perfected, yet it is an important step in the right direction and has already proved beneficial. It cannot, however, cure the fluctuations in prices, because these fluctuations depend also on the varying receipts from week to week and from month to month, and also on the variations in the demand for meat.

5. Finally, the Food Administration has licensed the packers under the food control law, and it has also limited the profit of the five largest packers in the meat departments of the business to 9 per cent on the capital employed. This limitation amounts to a little over two cents on each dollar of sales. No profit whatever is guaranteed. On certain other branches of the business, which utilize by-products of the meat departments, the limitation is 15 per cent; and on still other branches, which have no connection with the meat departments, such as the butter and egg operations, there is no limitation at all. It would, of course, be discriminatory to limit the profits on these outside departments, unless the profits of other concerns outside the packing business were similarly limited.

#### PACKERS' PROFITS

There is a good deal of misunderstanding and misapprehension concerning the extent and significance of the profits earned by the large packers. Many consumers feel that the high prices of meat are due to extortionate packer profits, while many farmers feel that the prices of live stock are low for the same reason. To refer to my own company, Swift & Company's profits in 1917 were less than four cents on each dollar of sales. The profit on dressed beef was only about one-fourth of a cent per pound. Complete elimination of these profits would have had practically no effect on the prices of meat and live stock. There is probably no business in the country where the profit is so small in relation to turnover, and where it is such an insignificant factor in prices.

There are those who admit that the packers' profits are small as compared with sales, or as compared with unit of output, but who insist that they represent earnings which are too large with respect to capital employed. It is true that profits were larger in 1917 than for any previous years, but the volume of sales was also much larger, due principally to the high level of prices prevailing,—and it is an easy matter to prove that these profits were reasonable as compared with profits earned in other industries, and that more than a normal profit is necessary during these abnormal times as a protection against rapid industrial changes and price fluctuations, and in order to finance the business at the extremely high prices prevailing. So far as Swift & Company is concerned, everything earned over a fair rate of return to stockholders has been put back into the business to finance operations and to build additions and improvements.

If the large packers had a monopoly of the meat business, there might be more reason to consider a permanent policy of government control of the packing business and limitation of profits. Even if the five large packers worked together, they would handle only about one-third of the total meat supply of the country, and only about 60 per cent of the total handled through slaughtering houses that are inspected by the United States government. But the packers do not act in coöperation with each other in attempting to control either the prices of live stock or the prices of dressed meats. Any person who makes an impartial first-hand study of the methods of dealing in live stock and the sale of dressed meats through the branch houses of the packers, will be struck by the intensity of the competition rather than by any indication that there is monopoly control or manipulation of prices.

The large packing industry is essential in the carrying out of our war-time program. What other form of organization could have shipped 24,000,000 pounds or 800 car loads of meat in one week on three days' notice, as recently did the company that I represent? I may be accused of seizing this opportunity to do a little special pleading on my own account, but I consider it a patriotic duty to call attention to these facts in order to point out the injustice of trying to embarrass an essential and honestly conducted business, especially at a time when its services and coöperation with the government are so vitally necessary to the welfare of the country.

## THE FOOD ADMINISTRATION AND THE FOOD SITUATION

On the whole, I feel that the Food Administration has done well in dealing with the live-stock and meat situation and that its efforts deserve the hearty coöperation of all people in the country. It has made mistakes, but it has been willing to correct them. The administration of the Meat Division has been honest and fair, and has been actuated by only the highest patriotic motives. Speaking of the work of the Food Administration in dealing with the food situation in its entirety, I also believe that on the whole it has done its work well and that it has been a great benefit to the country. There are two or three matters, however, in which its policies have not appealed to me as a scientific economist. I refer especially to the attitude of the Food Administration toward the marketing organization in general, and toward speculation.

Although the Food Administration has announced that it does not wish to disturb existing business machinery, I feel that some of its rulings and public announcements have tended to confirm the popular opinion that the present marketing system is wasteful and cumbersome in the extreme, and that goods pass through the hands of too many middlemen on the way from farmer to consumer. The marketing process is complex and costly at best. Many important and difficult services have to be performed, such as the gathering of goods from a myriad of sources; the providing of storage facilities (often with refrigeration); the tying up of capital; the giving of credit and the making of collections; the assumption of risks of loss from price fluctuation, deterioration in quality, etc.; the sorting and grading of commodities and the breaking up of large quantities into small units; the sending out of salesmen to make business connections and to see that each customer gets exactly the quantity and quality of goods that he needs; the delivery of goods to customers; and the maintenance of an accounting machinery to take care of myriads of transactions.

To eliminate a middleman does not eliminate the services that he performed. It merely means that someone else has to perform them. The middleman system has developed for the simple reason that it furnishes the most economical and expeditious method available for performing the marketing functions. It is simply a case of specialization—of division of labor—which results in the greatest

product for the least effort, just as division of labor has this result in the manufacturing process.

#### SPECULATION AND PRICE FIXATION

And again with regard to speculation, I feel that the attitude of the Food Administration tends to confirm the popular notion that speculation—the holding of goods for higher prices—is something reprehensible. Speculation means the buying up of goods and holding them with the hope of re-selling them at a profit rather than at a loss. Since the production of farm products is seasonal, someone must tie up his capital and assume the speculative risk of holding commodities; whoever does so is a speculator, be he farmer, dealer, professional speculator, or consumer. Speculation is necessary; it is a benefit to all mankind. The speculator loses money as often as he makes a profit; his average long-run profit is no more than reasonable.

Speculative competition has two principal functions: it automatically distributes the available stock of commodities over a period of time until a new stock comes to market; and it automatically distributes the available stock at any one time geographically, so that each section of the country, each state, each community, each dealer, gets just the quantity needed. Let the government take away these functions from dealers by fixing the price below the normal price, and it, the government, immediately becomes responsible for the performance of these functions. This explains largely why the distribution of coal and sugar has been unsatisfactory, and why we used wheat too freely last fall and winter.

I am not saying that the government did wrong in fixing prices, which have been lower than they otherwise would have been, but I merely want to point out that speculation is a useful and beneficial thing, and that it does not deserve the popular prejudice that exists against it. Much of the unrest among farmers and consumers is due to a lack of understanding of the marketing organization and of the functions of speculation, and the only way to eventually cure the dissatisfaction resulting from this ignorance, is to gradually educate the public along sound economic lines.

In conclusion, to come back to the meat situation; the supply of meat has increased; the retail prices of meats have not advanced as much as the prices of many other commodities, nor as much

as money wages; neither have they advanced as much as the prices paid to farmers for live stock. All war-time demands have been met in full and on time. The packing industry is being regulated by the government, its profits are limited, and live stock is being converted into meat and delivered to consumers at the lowest possible cost and profit. The situation is favorable and the outlook for the future is encouraging. Nevertheless, it is necessary to proceed with caution, and to maintain live-stock production at profitable prices. Overseas demands are increasing, and we must be prepared to meet successfully any contingency, such as a poor corn crop, a prolonged drought in the live-stock producing areas, or an epidemic of live-stock disease.

## THE WORK OF THE FEDERAL FOOD ADMINISTRATION

BY JAY COOKE,

Federal Food Administrator for Philadelphia County

The Food Administration was created to meet an urgent war need. Just exactly what its work was to be no one clearly foresaw. All did foresee the large part that America's food would play in winning the war, but just what could be done was not known. Neither could any one foresee the type of problem that would arise. To the Food Administration, therefore, was committed the responsibility of meeting situations as they arose.

This paper will endeavor to state what some of these problems were, and how they were met. The examples have been chosen at random from those which have been constantly arising.

Upon our entering the war, the ordinary business forces that make for a fair distribution of products and a fair price for those products were suspended. It became the function of the Food Administration to put into force rulings that would protect the long term interests of producers and consumers. The fundamental principle on which the Food Administration proceeds is reliance upon the will and ability of a democracy to adjust itself to the needs of the nation without autocratic control.



## WHEAT, MEAT AND SUGAR

When it became known that wheat must be shipped abroad in ever increasing quantities the government was faced with three alternatives. Inasmuch as a great deal of this wheat must come from the savings of reduced consumption, the Food Administration could have allowed the enormous purchases of the Allies to raise the prices to extreme levels. The wheat would have gone abroad but at the cost of untold suffering among the poorer classes, and consequent disturbance of labor conditions. A system of compulsory rationing was also possible. This would have involved an annual budget of \$40,000,000 to \$50,000,000, and would have been very difficult to administer owing to the wide variation throughout the country in the customs and habits of eating.

The Administration chose the democratic idea, and appealed to the intelligence and patriotism of the people to sacrifice in proportion to their ability. In a Pledge-card Campaign conducted among the housewives of the nation over 10,000,000 women registered themselves as loyally supporting the request of the Food Administration for food conservation by substitution. The result was all that the most optimistic had expected. By June 1 of this year we have sent 140,000,000 bushels of wheat abroad of which 130,000,000 bushels represents the intelligent self-denial of the American people. Gratifying results have also been attained in meat conservation. We are sending abroad each month five times as much pork products as we did in normal times, and twelve times as much beef products. This has been accomplished without inroads upon the herds.

The Food Administration is, first of all, a war organization designed to get food to our Allies, and it is accomplishing this with slight inconvenience to the American people. The legal powers of the Food Administration in regulating the production and distribution of food were strictly limited by Congress, but by voluntary coöperation of producers, manufacturers and dealers the Administration has accomplished without friction more than could have been done by relying solely upon wide legal enforcement.

Last year the war world faced a serious sugar shortage. By the laws of supply and demand the price to the retailer of sugar would have doubtless risen to 25 or 30 cents per lb. Mr. Hoover called the sugar refiners together and presented the case to them. They

voluntarily agreed not to exceed a certain maximum differential between the price of the raw sugar which had been purchased and the finished product. The raw supply of the Cuban crop was then in process of growth. This was bought up at an agreed price which guaranteed a reasonable return to the grower, and the supply was then apportioned among the Allied nations. The sugar refiners have likewise agreed to accept the fixed differential on the new crop, and for the first time in history the price at which sugar sells is of no financial interest to the sugar refiners of the United States under their agreement with the Food Administration. Since the Food Administration has no money to buy sugar as it has been buying wheat through the Grain Corporation, the purchase of the Cuban crop at a stable price was done by private finance cooperating with the government. As every rise of one cent in the price of a pound of sugar means \$18,000,000 out of the consumer's pockets, this performance is no mean accomplishment, especially as it was done in the face of an actual sugar shortage in the war world.

Under the influence of the Food Administration the baking trade has established a special protective service committee which is being organized in every state. The purpose is to put at the disposition of all the bakers in the country the benefits of the experience and knowledge of all in baking wheat substitute breads. The baking trade has, for the period of the war, waived consideration of business advantage and competitive skill. Leading bakers have thrown open their laboratories to their competitors. By conference and mutual aid they are giving the smaller bakers the advantage of their larger experience and trained experts in order that a palatable and wholesome wheat saving bread may be possible for all bake-shops.

The Food Administration is not authorized to fix the retail price of articles to the consumer. At best it can only prevent unreasonable profit or profiteering. Yet in towns all over the country the leading and reputable food vendors meet and determine reasonable prices which are given wide publicity in the newspapers. The public are thus informed as to what is a fair price, and any dealer who takes advantage of special conditions to demand, more immediately brands himself before the public as a profiteer.

## WHEAT SUBSTITUTES

Early in this calendar year arose the necessity for saving wheat or our Allies. Mr. Hoover promptly met the requests of our Allies for wheat with the statement that the wheat would be sent to them. But the wheat could be secured for our Allies only by saving. Wheat could be saved only by substituting other foods for it. Hence the fifty-fifty substitute rule.

This ruling came from Washington at a time when all the railroads were more or less congested. Heavy snows had blocked the rail lines in the western part of Pennsylvania and branch lines were entirely closed. The trade was ignorant of the meaning of the law, and was unable to purchase substitutes, especially the kind available at that time. A small class of dealers not in sympathy with the ruling made the enforcement most difficult in some sections.

Substitutes were not available in large quantities, and the experienced housewife, in baking, found the problem very hard. Threats of strikes and riots by unpatriotic dealers, and pro-German propaganda of all kinds conspired to do away with the ruling. The conservation resulting made it possible to send to our Allies the wheat they needed.

To carry out the ruling required a policy of enforcement, first with the baker to see that he is using the correct proportion of substitutes in all his bakery products; second with the wholesale grocer to see that he is selling the correct proportions and quantities of flour, substitutes and sugar; and third with the retailer to see that he, too, is living up to the regulations with regard to flour, substitutes and sugar. The purpose of the fifty-fifty rule was to get wheat for our Allies. That purpose was accomplished.

In addition to these three principal classes of enforcement cases, there are all the other lines of food handlers, who are also licensed and subject to special regulations. The interpretation and enforcement of these regulations has been greatly assisted by the patriotic coöperation of men in the trades regulated.

Under enforcements comes also the question of profiteering. In this, the biggest problem constantly confronting the Administration, is to decide just what is a fair basis of cost and a reasonable margin, not only of profit, but for overhead.

The Food Administration is endeavoring to lay a foundation of constructive work in its enforcement cases, which will be of advan-

tage to the various lines of trade in the future. For example there have been certain bad practices grow up in practically every line of business. It has been the endeavor of the Administration to do away with these through its control over shippers and receivers under the license system. Failure to live up to contract obligations on a declining market is a typical example of the bad practices the Food Administration has discouraged.

#### A SUPPLY OF ICE

Early in this calendar year it became apparent that the diminishing supply of ammonia was imperilling the supply of artificial ice for the following summer. Two measures were promptly taken by the Food Administration which resulted in a fairly adequate supply of ice at fairly reasonable prices. Local administrators were asked to call upon all who had or could get the facilities to store natural ice. This was followed by efforts to get other substitutes used for ammonia where possible and in all cases to conserve the product. As the summer approached, ice retailers were asked to zone their routes and save for the consumer the costs of duplicated service. A supply of ice fairly adequate to the demand at medium prices is the result.

#### DISTRIBUTION AND MARKET PROBLEMS

Distribution and market problems have been handled as they have developed and no set line of action covering such problems was projected. Two instances will serve to show the nature of the distribution problems with which the Administration has to deal and the method used in solving these problems.

With the arrival of the fresh fruit and vegetable season, came the question of marketing those perishables which were in grade and appearance such as to prevent their sale to the grocer or the commission man. The curb market proved the solution of this particular difficulty in a number of sections in Pennsylvania. These markets, which were established in about twenty localities, absorbed a considerable amount of food which would not otherwise have reached the consumer.

Any medium which insures increased production and economical distribution, lowers prices to the consumer and conserves food which otherwise surely would waste, is a valuable weapon to use in

winning the war. Whether or not curb markets will survive at the close of the war is a question which must remain unanswered at this time. As a war measure, however, the Pennsylvania curb markets have been effective and they promise even better results as they are expanded and developed.

The truckers and farmers who gave the system a *fair trial* in 1917 indicated their determination to produce to the limit of their ability in 1918. Farmers, who have for years trudged the streets peddling from door to door, frequently carrying home a part of their produce, were able at the curb markets to sell their loads in a few hours, saving themselves and their horses time and labor.

The usual condition of a demand far in excess of the supply brought rather a competition in buying than in selling, which accounts for some complaints of curb market prices. Lower prices to the consumers were not always evident, owing to the fact that the reaction of the curb markets on the grocer and huckster resulted in a general lowering of prices in the towns and cities sustaining curb markets. Of particular interest was the working out of the law of supply and demand in connection with the price obtained on curb markets. Every effort was made to see that the farmer secured a price commensurate with the supply of his produce.

At the curb market the quantity and variety of the display stimulate the buying spirit. The woman who would buy in very limited quantities from the slender display of her grocer or huckster buys heavily at the curb. At the first curb market in Pittsburgh, for instance, 675 two-peck baskets were sold to people who did not intend to buy them when they came to the market.

Results indicate that the curb markets increase the consumption of perishables and thus automatically save a corresponding quantity of staples. They have proved especially advantageous in the sections whose inhabitants are the working class who are the first to feel the pinch of higher food costs. Particular attention has been given to the establishment of curb markets in such industrial centers.

Experience has shown that the fewer the restrictions in connection with curb markets, the better will be the result. The most striking successes were all obtained without special ordinance regulating the markets and with a minimum of rules. The Administration's thought is that it is far better to use up spare energy in



developing a wide-open opportunity rather than to put a fence around it. Farmers in various counties realized as never before the buying power of their home city.

During the war and for sometime thereafter food prices will be high, particularly on meats and staples. Curb markets should continue to be popular through this period, both to the producer of non-standard stuff and to the consumer who is willing to go to market and carry home bargains.

#### PERISHABLE PRODUCE

The Food Administration of Philadelphia will this summer use every endeavor to keep consumers prices on perishables as low as distribution costs will properly permit in order that the farmers may get as good a market as possible for their products. Notices as to fair prices will be sent to the newspapers as has been done since last summer. Such price bulletins have long been issued by the market masters of European cities. Special educational campaigns as to the food value of leafy vegetables and special price campaigns to move these perishables will be undertaken. This work is based on the assumption that the lower the costs of distribution the larger will be the proportion of consumer's price that gets to the farmer. The benefit thus goes to both the consumer and the farmer and the local buying of local foodstuffs saves transportation.

#### MARKETING THE POTATO CROP

A peculiar condition confronted the Administration during the fall of 1917 in connection with the marketing of the season's potato crop. Consumers commenced to lay in their winter supplies early. This fact, coupled with the delay on the part of the farmers in getting their potatoes to market, due partly to a feeling that prices would rise as the season advanced and partly to the fact that labor was scarce and other crops besides potatoes had to be harvested, sent the price of potatoes soaring.

It was the feeling of the Food Administration that the high price could not last and that, unless farmers marketed their crops of potatoes in such manner as to strike a fair average for the season, financial disappointment would be the result. With this in mind a special publicity drive was made to encourage farmers to market at least one-third of their crop during the fall with the idea of disposing of the other two-thirds as the season advanced. Because of

labor conditions on the farm and also because of the tendency to hold potatoes for higher prices, much of the crop was still unmarketed with the advent of cold weather. Climatic conditions and transportation difficulties growing out of these conditions were responsible for the failure of potatoes to reach the market in quantity during part of December and all of January and February. Even with the approach of spring and the consequent bettering of transportation facilities, producers failed to send potatoes to the market in any quantity, hoping for some break which would increase the price.

To overcome this condition and in order to bring potatoes on the market in such a way as to insure at least a reasonable price and in turn to encourage as large a planting of potatoes as possible in the spring of 1918, a special potato consumption campaign was launched. Special letters and plans for the conducting of a potato campaign and for a special potato week were sent to the Administration's county organizations. Several field representatives were sent into some of the larger centers to assist and render more effective these local programs. Campaigns were inaugurated by various women's organizations in the state and a special campaign was inaugurated in the public schools.

In addition to the educational measures adopted to secure a larger consumption of potatoes every assistance possible was given in individual cases and communities. In marketing surplus potatoes, growers were referred to reliable dealers in the principal Pennsylvania markets. Where it was possible local outlets were used to absorb potatoes to prevent needless tying up of transportation, and needless freight, labor and commission charges. Counties having a surplus were referred to other sections in which there was a scarcity and in this way the supply throughout the state was largely equalized.

The reports from potato producing centers in the state during the late winter and spring were interesting. In some cases where a large stock was reported it was found upon investigation that a little energy on the part of distributors in calling the potatoes to the attention of the public, stimulated the demand quickly, and this together with the normal, local consumption and the demand for seed stock, completely absorbed the originally reported surplus. In most cases the large surplus reports were found in a measure at least to exist only in the minds of those making the reports.

The fact that in the main both producers and consumers were

satisfied with the prices which prevailed, is proof that the measure adopted was a success. Latest reports also indicate that, while in some sections the planting has been reduced, in other sections it has been slightly increased. The Administration has sought to pass along the word that the man who stayed in the game this year would be doing a wise thing and be rewarded accordingly.

#### THE PRICE OF MILK

The cost and supply of feed together with the difficulties in obtaining labor brought disheartening conditions to our dairy farmers this past winter. Prices to consumers had to be raised in proportion to the costs to the farmer. In other urban sections Mr. Hoover at the mutual request of farmers and dealers appointed Federal Milk Commissions with power only to recommend prices to producers and consumers.

The Pennsylvania branch of the Food Administration took up the matter under the following principles:

1. That the price to the producer should be determined as usual by conferences between producers and milk buyers.
2. That a representative of the Food Administration would be present at these meetings.
3. That the business of distributing milk would be regarded as a public utility with approach toward zone monopolies.
4. That the spread between the price of milk f. o. b. city and the price of milk to the consumer would be fixed by the Food Administration at a point that would allow a fair profit under a minimum duplication of service.
5. That milk is most economically distributed from the retail wagon and that duplication of service through grocery stores would not be encouraged.
6. That milk was a commodity which should be delivered to the consumer and not one that lends itself to the cash and carry methods, because it has to be delivered at stated times under sanitary and refrigerated conditions.
7. With control over the spread to the dealer the Food Administration would approve but not fix prices to the consumers, and would use this power of approval to make certain that producers' prices were as fair as could be secured under all circumstances.
8. The Food Administration joined heartily in campaigns to increase the consumption of milk.

The difficulty of getting condensed milk and other dairy products exported after January first added tremendously to the problem of getting a fair price for the farmer in this country. Nevertheless the farmers in the districts supplying Philadelphia have since January first received on the average a higher price than have the farmers in any other primary district, while the price to the consumer for bottled pasteurized milk was less than in any other city of any size in the United States.

That the consumer was satisfied with this program was indicated by the fact that the amount of milk now being consumed in the city of Philadelphia is as large at 12 cents as it was at 8 cents per quart. The production of milk has been maintained and the dairy herds have not decreased. All of this has in large part been due to the constructive efforts of the Food Administration.

The illustrations I have given will suffice to show the kind of duty coming before the Food Administration and the way that duty is being met. This résumé, which I give as typical, will indicate clearly that the first concern of the Food Administration is so to mobilize our food energies as to win the war. With this ever in mind the first duty is to maintain and stimulate production. Many have been the attempts to lead the unwary into believing that the Food Administration was not encouraging the farmer. The Food Administration can have no adequate conservation program save only as it has a production program. The two cannot be separated. In fact consumption and production have never been separated and cannot be separated. By following the standards set by normal business forces in normal business times as our guide, making changes as needed to meet war conditions, the Food Administration has created policies that have at once gained the confidence of the consumers, the merchants and the producers of the country.

There has been plenty of food in the country. The problem has been to get some foods used in America that we might send other foods to our Allies. This substitution was called conservation. This substitution program has not discouraged production. Other difficulties such as labor and supplies have made the farmers' problem a difficult one. But his difficulties the farmer met as heroically and as enthusiastically as the consumer met the sacrifice essential in substituting for the food he wants foods he does not like as well, or is not used to, or that cost more. With this spirit food *will* win the war.

## PUBLIC OPINION IN WAR TIME

By GEORGE CREEL,

Chairman, Committee on Public Information, Washington, D. C.

Now more than at any other time in history the importance of public opinion has come to be recognized. The fight for it is a part of the military program of every country, for every belligerent nation has brought psychology to the aid of science. Not only has Germany spent millions of dollars on its propaganda, but it has been very vigorous in protecting its soldiers and civilians from counter-propaganda. We are highly honored by having both Austria and Germany establish a death penalty for every representative of the Committee on Public Information, and imprisonment and execution are visited on everyone who is found in possession of the literature that we drop from airplanes or that we shoot across the line from mortars, or that we smuggle into the countries by various means.

Any discussion of public opinion must necessarily be prefaced by some slight attempt at definition. Just what do we mean by it? A great many people think that public opinion is a state of mind, formed and changed by the events of the day or by the events of the hour; that it is sort of a combination of kaleidoscope and weathercock. I disagree with this theory entirely. I do not believe that public opinion has its rise in the emotions, or that it is tipped from one extreme to the other by every passing rumor, by every gust of passion, or by every storm of anger. I feel that public opinion has its source in the minds of people, that it has its base in reason, and that it expresses slow-formed convictions rather than any temporary excitement or any passing passion of the moment. I may be wrong, but since mine is the responsibility, mine is the decision, and it is upon that decision that every policy of the committee has been based. We have never preached any message of hate. We have never made any appeal to the emotions, but we have always by every means in our power tried to drive home to the people the causes behind this war, the great fundamental necessities that compelled



a peace-loving nation to take up arms to protect free institutions and preserve our liberties.

We had to establish new approaches in a great many respects to drive home these truths. We believed in the justice of our cause. We believed passionately in the purity of our motives. We believed in the nobility and the disinterestedness of our aims, and we felt that in order to win unity, in order to gain the verdict of mankind, all we had to do was to give facts in the interest of full understanding. It may be said that there was no great necessity for this—that this war was going on for three years before America entered it—but I cannot but feel that on April 6, 1917, there was very little intelligent understanding of fundamentals, for those three years had been years of controversy and years of passion—two things that are absolutely opposed to intelligent public opinion. You had your pro-Allies, you had your pro-Germans, you had your people who thought war was a horrible thing and who shrank from it without grasping the great significances involved; and so on the day we entered war we had a frazzled emotionalism, with people whose sensibilities had grown numb by very violence. We had to approach people to try to drive home to them some great truths.

Now, the press did not lend itself to our purposes in any large degree, because the press by its very constitution is not an interpretive or educational factor. The press chronicles the events of the day—it dies with the day that gives it birth—and so as far as historical record is concerned, so far as interpretation is concerned, so far as educational needs are concerned, we had to establish a new medium. So we called together three thousand historians of the country for pamphlet production, to set down causes in black and white, to put it so simply that a child could grasp just what we meant by democracy, just what we meant by freedom of the seas, and just what we meant by international law; so that people can read it and understand, and instead of being filled with a cheap and poisoning hate, they may be filled with a tremendous resolve, a great determination, that will last, not for a day, not for a week and not for a year, but until such time as a settlement is won as will forever safeguard our liberties and our aspirations.

There was also the spoken word that had to be organized. We had to try to substitute for the passions of the curbstone the logic and the reason of the platform, and so we formed the Four

Minute Men campaign, so that today 50,000 of them are receiving budgets of material and going out through moving picture houses all over the land preaching the gospel of America's Justice. We organized the speaking of the country, trying to bring some order out of oratorical chaos. We have brought men of every nationality from the trenches to speak to the people, and we have sent men from coast to coast, so that people might be brought face to face with the truth, not by controversialists, but by those who had seen, by those who actually knew what war meant, those who knew what defeat meant, and those who knew the necessity of victory. These were the fundamentals of the case, of which we tried to build foundations upon which to erect our house of truth.

Then there was the necessity also of giving people information. There has been nothing so distressing to me as this absurd assumption on the part of a large number of people that the Committee on Public Information is a censorship and interested in suppression rather than expression. We do not touch censorship at any point, because censorship in the United States is a voluntary agreement managed and enforced by the press itself. The desires of the government with respect to the concealment of its plans, its policies, the movement of troops, the departure of troops, and so on, go to the press upon a simple card that bears this paragraph: "These requests go to the press without larger authority than the necessity of the war-making branches. Their enforcement is a matter for the press itself." I am very glad and very proud to be able to say that this voluntary censorship has a greater force than could ever have been obtained by any law.

At every point we have tried to stimulate discussion, even to organize discussion. Aside from the disclosure of military secrets of importance, aside from any protest that is liable to weaken the will of the country to continue this war, or that may interfere with the prosecution of this war, we stand for the freest discussion that any people in the world ever had. I can conceive of no greater tragedy than that, out of stupid rages, out of the elevation of the mob spirit above reason, discussion should be stifled.

Just as we assembled historians to prepare pamphlets, trained speakers to form the Four Minute Men, so did we gather together the artists of the country to draw posters, and under the leadership of Charles Dana Gibson, the billboards of the country are filling

with posters as beautiful as they are effective. We mobilized the advertising experts of the nation, and today every great advertising man in the United States is working for the Committee on Public Information, preparing the matter that goes into periodicals and on the billboards, and contributing millions in free space to the national service.

We have realized the necessity for specialized service. It was soon seen that we had to devise departments that would prepare matter for the rural press, for the religious press, for the labor press, for the magazines, and so on. We had to gather together the essayists and the brilliant novelists of the land—it was a proposition of touching up the high lights—to lay before the people the truth. Today 50,000 men and women are giving their time without money, without thought of reward, to the service of the government. Whenever the Committee on Public Information is attacked I think of these thousands of volunteers who are giving so freely of their service, and any slur at them is a blow in the back, a cowardly assault upon those who are serving behind the lines with as much devotion as the soldiers in the trenches.

Aside from the English speaking people of the United States, we have had to pay attention to the foreign language groups. Somebody once said that people do not live by bread alone; they live mostly by catch phrases. For long we have had the theory in this country that we could dismiss our responsibilities to the foreigner by glib references to the melting pot, but every man of intelligence knows that the melting pot has not melted for years. Foreigners came to this country with their eyes upturned to the flag, with the hope that they were coming to a land of promise, and we let them land at the dock without an outstretched hand to meet them. In one month that I remember, twenty thousand agricultural workers drifted into sweatshops in industrial centres near the seaboard, while all the rich acreage of the west called to them. No aid was given to them whereby they could buy railroad tickets to help bring them in touch with opportunity. They were simply dumped into the Ghettos of the big cities. We let sharks prey on them, we let poverty swamp them, we did not teach them English, and we forced them to establish their own foreign language church and their own foreign language institutions, and today when we need them and call upon them, we find we are called upon to pay for the utter neglect of the last twenty-five years.

We lost Russia. Why? Because thousands of people went back from the Ghetto of New York to Russia, and all they ever knew of America was the wretchedness and sordidness of the East Side, and they told them in Russia that America was a lie, a fake democracy, that there was no truth in us. They described America as they saw it, never having had a chance to come in touch with the bright promise of the land.

It was our task to repair the blunders of the past. We went into every foreign language group—among Hungarians, among the Greeks, among the Poles, among the Jugo-Slavs, the Czecho-Slovaks, and a score of other nationalities that were seldom heard of before until this war came.

We organized loyalty leagues in these groups. We had to get speakers in their own language. We had to go into the factories and hold noon meetings. We had slips put in their pay envelopes, and in a hundred other ways we had to drive home the meaning and purposes of democracy. We have pointed out that democracy was not an automatic device but the struggle everlasting; that there is no evil in our national life that cannot be cured at the polling place; that the ballot was their sword, their remedy for every injustice; that all they needed to bring about the 100 per cent perfection for which we struggle was intelligence and education; and that if there were failures it was just as much their fault as it was the fault of the American born. The remedy for everything lies in a better and finer appreciation of the duties of the citizen. While we are driving home the truths of the war, this great Americanization work that we are carrying on is building foundations under the union. That is the thing to do—bring them into closer touch with American life.

What we are doing in this country we are doing in practically every other country on the globe. We are trying to "sell" America to the world. We have been the most provincial people that ever lived, the most self-satisfied people; we have always been sufficient unto ourselves, and the very fact that other people did not speak our language was accepted at once as a proof of inferiority. We had little touch with other countries, knew very little of them, and they knew less of us. All Europe ever knew about us was our earthquakes and our cyclones and the fact that we lynched darkies in the south—that we were a race of dollar grabbers, a race of money

makers. So we had to begin to develop communication with them, to get in closer touch with them.

Our work has been educational and informative. Much has been said in praise of German propaganda, but from the first our policy has been to find out what the Germans were doing, and then not to do it. Rottenness and corruption and deceit and trickery may win for awhile, but in the long run it always brings about its own inevitable reaction. What we are doing in foreign countries is being done openly. What we are trying to do is to bring home to them the meaning of American life, the purposes of America, our hopes and our ambitions.

We go in first with our news service. I found that the wireless here was not being used to any large extent and immediately began sending a thousand words a day of American news. We send it out from Tuckerton to the Eiffel Tower, and from France it is sent to Switzerland, to Rome, to Madrid and to Lisbon. We send to London and from London to Russia, to Holland and to the Scandinavian countries. From Darien it is flashed to the countries of South America. It goes from New York by telegraph to San Diego, and from San Diego by wireless to Cavite; from Cavite to Shanghai, from Shanghai to Tokio. So we cover the whole world today with our American news. That is the best propaganda possible because it tells them what we are doing and what we are thinking.

We have sent to all these countries great motion picture campaigns, putting them out through the established theatres, or hiring our own theatres. These motion pictures set forth the industrial and social progress of the United States, our schools, condition of labor among women and children, the houses where our working people live, our sanitariums, the way we take care of the sick, our schools, and women voting in enlightened states like Colorado. We show them our war progress, how a democracy prepares for battle, all its thousands of youngsters coming from their homes, clean-eyed, straight-limbed, walking into training camps, and the splendid democracy of it. We show them our factories, our grand fleet, our destroyers and submarines, and we send those pictures all over the world.

We have our representatives trying to find out what the people are most interested in in America, and then we send people from America to these countries to make speaking tours. We find out



what pamphlets will appeal to them and then we send those pamphlets from house to house, and we use airplanes in dropping messages in enemy countries. We had three printing plants in Russia at one time getting out material in all dialects of Austria-Hungary and sent it across by planes and by messengers to all the oppressed nationalities of Austria-Hungary.

So that the work that is carried on by the Committee on Public Information is not a censorship and never has been a censorship. It is a medium of expression. It is the medium through which the government is trying to bring home to all the people of the world what America means and what we fight for.

We do not want a public opinion that is based on the happenings of the moment. We want a public opinion that springs from the heart and soul—that has its root in the rich soil of truth. And this fight is going to win because it is a fight for truth, because we have nothing to be ashamed of. The other day, when asked the question, I said I had no sympathy with the conscientious objector, because I thought this war was holy enough to enlist the devotion of every man, whatever his religion. We waited three years, going to the very ultimate of humility, to prove our devotion to peace, and we drew the sword only when the seas were filled with our dead, when international law was set aside, when torch and bomb were applied to our industries, and when it was seen that the German government was dead to honor and decency. Having drawn the sword, being confident of the high motives for which we stand, we will never sheathe it until the heights of our determination are gained.

We are perfectly willing to have peace discussed. We are never going to shut our ears to peace, but there cannot be mention of any peace that savors of compromise. You can compromise questions of territory, questions of commerce and economic disputes, but you cannot compromise eternal principles. President Wilson's motive for entering this war was to establish certain solemn rights of ours for which every man of us must be willing to die and should be ready to die. This fight we are making all over the world today, this fight for public opinion, is a fight that is not going to be won until every man, woman and child in the United States here at home is made to realize that they are called to the colors as much as the sailor and soldier.

This is an irritating time in American life; it is the hour of preparation. We have not known the glory of the firing line yet to any extent. All we have known is the sweat and drudgery of getting ready. There have been failures and discomforts and inconveniences, but there is this to remember; we are here safe at home. While thousands of boys, our best and bravest, are going to France to offer their lives on the altar of liberty, the worst any of us can know is irritation.

When people complain about the annoyance of wheatless days and the fuel situation, and how intolerable it is to have to give up this or that, and how the trains are not running on time, how everything is going wrong, and all like pettinesses, let them remember Belgium and Serbia, and realize that unless we stand together shoulder to shoulder, heart to heart, in one tremendous brotherhood, big enough to look over every little, rotten thing, big enough to rise over peevishness and meanness, we are going to know the same fate as Belgium and Serbia. What we want in this country today is not the careless indifference that will overlook defects, for criticism is the most wholesome corrective in the world. But let care be taken that the criticism is constructive and that it is not put forward to conceal partisanship and other unutterable meannesses.

As for the censorship on free speech, it is not imposed by Washington, but by the intolerances and bigotries of individual communities. The government is not responsible for mobs that hang innocent men, that paint houses yellow and that run up and down the country trying to crush honest discussion. Norman Angell and E. K. Radcliffe, two of the brightest minds of all England, have been here all winter telling truths about England from the extreme radical viewpoint, and yet you do not find those men figuring on the front pages. The censorship that stops them is not of the government but proceeds from the prejudices of the press.

It is very easy to talk about the absurdities of censorship. In our voluntary agreement with the press of America, we asked that the arrival and departure of ships be not announced, because as far as able we want to try to protect them from the submarine. That may be a foolish way, but we are going to stick at it until we get a better way. Not even for the satisfaction of a news item are we going to endanger American lives. We ask also that they shall not mention the arrival of foreign missions and their train movements

while in this country, in order to protect our guests as far as possible. The German government does *not* know how many men we have in France. It is all very well to say "the enemy knows, anyway," but there is no use in putting information on his breakfast table. We may be stupid about these things, but where lives of men are concerned we are not going to put news items above those lives, the lives of those men over in France. Certain items have been stopped by the able censorship from going abroad. And there will be others stopped, because while it is one thing to let the people of this country have all the information it is another thing to give aid and comfort to the enemy. When they say that our war preparations have broken down, let the facts be stated and debated here at home; but we do not want that sort of talk to get into Germany. When any man declares that "the war progress of the United States has stopped; everything is a failure, and we cannot come to the aid of the Allies in any degree, and everything that has been done is futile;" and such statements are put in the papers of Germany it is worth a million men to them, and they are not going to obtain them if we can help it. I am in favor of having all possible condemnation heaped on failures—but do not let us use every failure to tear down the whole structure of accomplishment.

If we have had failures we have also had our splendid victories. Nobody ever says one word about the fact that in less than a month after the declaration of war we overturned the policy of one hundred and forty-one years by the enactment of the selective service law; nobody says a word about our enrolling 10,000,000 men without friction, or a word about the wonderful record of the exemption boards; nobody says a word about the completion of the cantonments within 90 days after the driving of the first nail; nobody says anything about there being no scandal with regard to the food furnished our soldiers; nobody says a word about our medical service—how we gathered 12,000 doctors that give these men finer care than they ever received as individuals; no, nobody says a word about all this—just the failures are talked about. Nobody says a word about the difficulties that had to be overcome when we began sending our men over to France; how after they arrived, there was not a dock to give them and not a train to use.

That is no criticism of France or England. Their own tasks absorbed every energy and resource. Our men had to build their

own docks; they had to build hundreds of miles of railroads; and they had to go into the virgin forests and cut down trees in order to make their barracks. They had to mobilize engineers, foresters, railroad men and construction men as well as soldiers—all this tremendous machinery of industry had to be created over there so as not to interrupt the war preparations of France or England; and the stream of men going across the Atlantic today exceeds the expectations of England and France and is a source of amazement to them.

People will tell about our failure to produce guns here in America at once, but they do not say anything about the fact that we selected the best foreign models, and gave contracts for their production in English and French factories so that we could give them money and give them work, and how we went to work in the meantime and produced the best machine gun in the world today—the Browning. They do not say a word about these tremendous accomplishments—how a nation is straining every energy to help in a great way and to the very best of our ability, but they take the adroplane situation, where certain inefficiencies were shown, and they harp on it in order to throw doubt and confusion upon every other war preparation. Let us go after the failure, let us remedy it, let us have criticism, but let us not tear down the whole structure of achievement when we have to replace a defective brick.

#### FREEDOM OF DISCUSSION IN WAR TIME

BY NORMAN ANGELL,

London, England.

I propose to deal with one phase only of the problem of the mobilization of the public mind. It is this: "What degree of freedom of public discussion will best fit a democracy to wage war effectively?"

It is not merely, or perhaps mainly, a governmental question, but one which confronts newspapers and bodies like universities and churches; one of its most important aspects is that of personal relationships. I shall not enter into the discussion of any proposed legislation, nor touch in any way on the attitude of the government.

Indeed, I have never been able to judge whether the administration is now blamed for being too repressive or too liberal. Reading one group of papers one can only conclude that the administration is perversely encouraging all the alien enemies in the country to carry on a propaganda against it. Reading another group of papers one must conclude that it is set upon ruthlessly stamping out all criticism of itself however honest and patriotic. Into that debate I shall not enter in the least. The question is mainly perhaps, as I have already suggested, an extra-governmental one. It is vastly important and we should judge it in the light of experience.

It is surely the duty of all of us belonging to the Alliance to compare notes of experience in anything that can bear upon our success. And let us hope that we have reached now a stage of unification by virtue of which that exchange can take place freely between different nationals within the Alliance without implication of unseemliness. I want to point out certain European experience in this matter and—in order to disentangle issues and present something resembling a clear thesis—suggest to you that that experience on the whole points to this conclusion: A democracy, and still more a group of democracies forming an Alliance, will wage war most effectively if public discussion is as free as possible. Certain limitations of course I take for granted, as that the dissemination of military information shall be controlled by the military authority, and that no direct incitement to resist the actual prosecution of the war shall be permitted. But there is a natural feeling in war time that control should go much beyond this, and, as a matter of fact, in the early stages of a war always does. Yet I suggest that such a policy, in the case of our democracies, is to the advantage of the enemy.

#### THE ADVANTAGES OF PUBLIC DISCUSSION

Experience would seem to show that a democracy will get the best results by a degree of toleration which would allow war aims and peace terms, the justice or injustice of the war, when it ought to stop and on what conditions, all to be freely discussed; and would allow the socialist, pacifist and semi-pacifist to do their worst. They might do a certain amount of harm; but less harm, in the long run, than is done in practice by their suppression. On balance, the advantage is on the side of toleration. Save for the limitations already indicated, freedom of press, speech and discussion should,



in the interest of a sane and balanced public opinion even more necessary to democracies in war than in peace, be complete and unhampered.

I am aware it seems ridiculous to urge such a degree of toleration in war time. But I shall base the claim not on any ground of the rights of minorities to certain moral or intellectual privileges. Personally I cannot understand how any claim can be made on that ground when the existence of a nation is at stake; how, in such circumstances, minorities can have any rights, as against the common need, that should be regarded—but precisely on the ground of common need, of advantage to the nation as a whole.

Public opinion in the early stages of war, in every nation, is always in favor of a "truce to discussion." We remind one another then that the time for words has passed and the time for action come. "Talk" is disparaged. We demand the *union sacrée*. And almost always is that rule first broken by those who at the beginning were most insistent upon its enforcement. Take the case of England. A party truce was declared at the outbreak of war and the feeling against public criticism of the government or its policy was intense. Such public men as attempted anything resembling it were indeed driven from public life for a time, mainly by the influence of the group of papers controlled by Lord Northcliffe. What happened finally was that Mr. Asquith's government was driven out and replaced by another largely as the result of the criticisms of Lord Northcliffe's papers.

Now whether you take the view that that result was good or bad you justify public discussion. If the result was good, if the war was being mismanaged, the country was saved by virtue of public discussion—by virtue of abandoning the rule of silence. If you take the view that the result was bad you have a case where a government found it impossible to resist the intervention of public judgment, although it must have known that judgment to be wrong. And if it was wrong, it must have been because the public judged on an insufficient knowledge of the facts and made wrong conclusions concerning them; because in other words, public discussion was not full, had not all the facts, did not hear all sides. Either verdict pushes one to the conclusion that the public will judge either with or without the facts and opportunity for free discussion; and that the part of wisdom is to see that that discussion is as full and well-founded in fact as possible.

We may say: "That establishes the case for the full public discussion of the government's administrative capacity because all parties to the discussion are agreed upon the ultimate aim—the winning of the war. But no purpose is served by the discussion of war aims and peace terms during the war; or by tolerating veiled sedition." But the case for full discussion of aims and policy is even clearer than the case for public discussion of the government's administrative capacity. Let us again take the facts of the discussion of policy in England.

#### FREE DISCUSSION AND THE ENGLISH PRESS

What, in practice, did the truce to discussion of peace terms or war aims mean in the case of the English press? It meant in practice, not that the discussion ceased, but that all liberal contribution to it did. Again one can illustrate that by the role of what we know as "the Northcliffe Press." And you will note that I am not criticising or condemning the intervention of that press; I am supporting it; but I am asking that the freedom which is accorded to newspapers of that type should be accorded to all others. The Northcliffe Press, far from refraining from discussion of peace terms, began very early to discuss them most energetically. It was mainly due to its agitation, for instance, that the Paris Economic Conference was held to devise the economic conditions which should obtain after the war. That was a most important peace term. It created, right or wrongly, the impression that, whatever happened, Germany's trade would be met in the case of her defeat by very hostile combinations. That may be an entirely wise policy; I am not for the moment concerned to discuss it. But there are two points about it to be noted: the first is that members of the British Cabinet—one or two notably—were notoriously opposed to it; and the second is that the views of these members, and of others who opposed the policy of the Conference, got no expression in the press. The public heard only one side of the case: the case presented by the Northcliffe Press. The public, in imposing that policy upon the government may have been right—though as a matter of simple fact the overwhelming preponderance of opinion is now the other way—but in that case they were right by accident, for they certainly did not hear the case against it. I am merely taking that Conference, which of itself had not perhaps very

great importance, as an illustration of the way in which public judgment is shaped on other matters of policy which are vastly more important and with which I shall deal presently. Why was the Liberal Press silent, or relatively silent, in criticising the policy of the Paris Conference? Because in the temper then prevailing any argument against the proposed economic punishment of the Germans would have been regarded as pro-Germanism and the Liberal Press could not face the implication.

#### THE PSYCHOLOGY OF DISCUSSION

One must enter here a little into the elements of war psychology and the psychology of discussion. I will try not to be very abstruse. If you have ever taken part in a discussion of Protection and Free Trade during an election you know that when feeling has begun to run a little high the Protectionist becomes absolutely convinced that the obvious blindness of the Free Trader to the protectionist truth can only be accounted for by the fact that, by some moral perversion, the Free Trader is more concerned with the welfare of foreigners than with that of Americans. I need not remind you that for years every Free Trader in America was an Anglomaniac, if indeed he had not been suborned by the gold of the Cobden Club. Now if in times of profound peace an honest attempt to find the best policy for one's own country can in this way be interpreted as hostility to one's country, merely because the proposed policy is also good for the foreigner, how much more must we expect that kind of misapprehension in the immeasurably fiercer passions of war time. It is natural, human, excusable, a phase of the instinct of pugnacity and self-preservation, an essential element of war psychology, perhaps indispensable to national morale.

But note how it operates in the case of the press. We agree not to discuss peace terms. A paper of large circulation has an article demonstrating that there will never be any peace in the world until the enemy nation is utterly destroyed; that the people are as much to blame as the government. It strikes nobody that this is a discussion of policy or peace terms. A rival paper has an article arguing that no territory must be taken from the enemy and that we have no quarrel with the enemy people. In this case we realize, not only that it is a discussion of terms but a very irritating one, with a pro-German coloring to boot. And we have a general

impression that that sort of thing ought to be suppressed. Now, when to the handicap on the liberal paper is added the prospect of legal penalties, its position becomes hopeless. Incidentally, when we suppress an obscure socialist paper, the importance of the act is not in that suppression, but in the effect that it has upon the policy of much more powerful papers who realize that they will have to look out and do not feel disposed to take any risks at all in such a public temper—which doubtless extends to government officials and to juries. The liberal press becomes silent, and control of opinion passes to those papers that appeal to the impulsive and instinctive, rather than to the reflective, element. This state of mind which I have described is progressively strengthened. And a good job too, you may say. You might quote the movie advertisement to the effect that you cannot put up a good fight until your blood boils; so the more it boils the better.

#### THE DIRECTION OF POLICY

What, then, is the job of us civilians who are left behind and do not have to go over the top and do the bayoneting? It is, I think we have agreed, the direction of policy. If the government is going wrong we correct it, or replace it, and whether we intervene wisely or not depends upon this state of mind of ours. And I am not sure that boiling blood is the best psychological condition for that judgment; for the public passes upon policies, and makes a choice between them, not by a cold intellectual analysis of their respective merits, but by virtue of a general state of mind and temper.

If we really are directing the fight in its larger aspects—and I think we are agreed on that point—a certain balance and sanity of judgment rather than violent temper may be desirable. I believe it is a ruse of a prize fighter who is getting the worst of it to try and make his opponent really angry. Then the opponent's bad temper may compensate for his superior strength or ability. The torreador manages to reduce an opponent twenty times his own strength by making that opponent literally "see red."

#### THE RUSSIAN REVOLUTION

Have there been any other definite problems of policy in which has operated the kind of process I have described in connection with

the Paris Conference? I think there have been questions of policy so important that our success or failure may be determined by them. There was, for instance, our relation to the Russian revolution. It is easy, of course, to be wise after the event—and it is wise to be wise after the event, because it may be duplicated in the future. But we are probably pretty well agreed now that that event has been mishandled by the Allies. We in Europe did not sufficiently see it coming, and when it came, large sections of our public and press took a line which could only irritate and alienate the strongest elements in the revolution. It has been said very generally by many who have studied the revolution closely that if the Allies had acceded in time to Kerensky's desire for a re-statement of Allied aims, the German and Bolshevik agitation against him could have been checked and a separate peace prevented. That may not be true; we can never know. But if it had been true, or true in any degree, our public temper was such that it would have stood in the way of taking advantage of the fact; of doing what Kerensky desired.

There is an incident in our relations with Russia, small in itself, but which illustrates clearly the way in which public "violent-mindedness" may be responsible for disastrous errors of policy. When Arthur Henderson was in Petrograd as the representative of the British government, he realised the immense importance of conciliating the left wing of the revolution and undermining the movement for a separate peace. It happened that one particular British Labor leader, Ramsay Macdonald, had an especial influence in Russia. Henderson telegraphed urging that Macdonald be sent. The government agreed; his passport was granted—whereupon a British Trades Union, out of the intensity of its patriotism called a seaman's strike to prevent Macdonald's going. Had the union weighed the pros and cons in terms of sound policy of Macdonald's going to Russia? They did not even pretend to. They just did not like Macdonald whom they regarded as pro-German. For a year or two there had been an intense campaign on the part of certain papers against him on that score. He was a red flag to most patriotic Englishmen. Consequently, when it came to the question as to whether, whatever his personal views, it might not for a special purpose be wise to use him—as the government was prepared to use him—the state of public temper made sober judgment impossible. The action of the most intensely patriotic trades union in



Great Britain was undoubtedly of immense service to the German cause.

For remember this: the greatest disaster so far suffered by the Allied cause, whether that disaster was preventable or not, has been the defection of Russia. In so far as the enemy is succeeding on the military side that success is mainly explained by our failure to maintain the integrity of our Alliance. The enemy's success is in this sense a political success—his advantageous military position is due to our political failures. Yet here was a British trades union out of the very fierceness of its patriotism adding to the difficulties of this overwhelming need of retaining Russia within the Alliance. And that incident is merely illustrative of the fashion in which the general temper of the public for the time being, not any cold intellectual analysis of pros and cons, decides questions of policy which may have vast, catastrophic military results. If an Italian policy—since, it is now understood, abandoned—alienated important elements in our Alliance like the potential coöperation of the Southern Slavs and the Greeks, it was because a small minority of Italians were able to win over Italian patriotic feeling, as distinct from sober thought, to an unwise policy. And in such matters as our future policy to Russia—and Russia's position may determine whether the world is to have a preponderance of power in the future against Prussia—our relations to Japan, and to such problems as Irish Conscription, wise decisions will not be reached by boiling blood or intense emotionalism. It may help to carry us along the road, but it does not help us to determine the right road.

And what is the right road will be sometimes an infinitely difficult decision for this reason: Our cause is maintained by an Alliance made up of many different states separated by diversities of national character. Our success will depend upon whether we can hang together. Divergencies of aim there are bound to be, and if there cannot be a large measure of other-mindedness, of give and take, of sympathy at times with other views larger perhaps than we have shown in the case of Russia, disruption like that involved in the Russian defection will go on.

Why do I stress the Russian incident? Because it is evident that we have not learned its lesson. The forces which produced the Russian revolution—a striving of the mass after entirely new social and economic conditions—are at work in all European

countries. Read the report of the English labor party. They will not work out in the same way of course in England that they did in Russia; but something of the same force is moving. What is the attitude of the American democracy as represented by organized American labor towards that movement? It is pretty much the attitude which British public opinion as a whole took towards the Russian radical groups a year or two ago. American labor seems disposed to take the ground that the British Labor Party is pro-German and defeatist, and it seems disposed to back the political opponents of the British Labor Party. If it did, that would be taking sides in British politics with a vengeance; but what is much more to the point, it would be taking the wrong side. For without any sort of doubt the British Labor Party is the coming greatest single force in British politics. Are we to see the monstrous spectacle of American organized labor in alliance with British and French reaction, with the enemies of British and French labor in their own country? Recent events seem to indicate that that is quite a possibility. If it were realised it would certainly not add to the strength of the alliance of the western democracies.

#### NECESSITY OF FREE DISCUSSION

Yet if we are to have any assurance that it is to be prevented there must be a very large measure of freedom of discussion of war aims and peace terms, and what French-British socialism stands for and what it does not. One may doubt whether hand-picked governmental delegations from either side of the Atlantic will be any more successful in maintaining the essential solidarity of aim of the democracies than have been similar methods in the case of Russia.

Those who urge resort in our case to the methods of Germany in the matter of the press and speech seem to overlook two vital differences between the enemy's case and ours. The unity of Germany's alliance can be maintained by the sheer preponderance of power of one member in it, imposing a common policy and aim. Our Alliance is not dominated by any one member who can impose unity of aim and purpose. Our unification depends upon the free coöperation of equals. And if we do not learn give and take, and what our respective purposes really are, we cannot attain that unity and our Alliance will go to pieces. That ultimately will give the advantage to the enemy even though the sum of our power may

be greater than his. The second difference is that he has a long training in moral docility and subservience to government where we have not. Where repression really will "repress" with him, it will not with us. A policy which he could apply safely to Ireland, or to socialists or labor or what not, would in the case of certain Allied peoples undoubtedly cause rebellion.

The truth is that we have not yet formed our Alliance in the sense of deciding its common purposes; whether or not the purposes of Britain are those of the labor party, and France and Italy those of the socialists; what is to be the American relation to the conflicting claims of the various parties, as well as to the aims of Russia and Japan and Ireland and India. The decisions and adjustments in these things cannot be made by intense emotionalism, and violent-mindedness. Unless we keep alive the tradition of free discussions and the feeling for toleration of diverse opinion, we shall undoubtedly have that violent-mindedness and passion, and many of these questions will in that case be decided in that temper. If that is the case Russia will not mark the only rupture in the Alliance, and the outlook will be very dark.

The service that the heretic, political or religious, does is not necessarily to give us the right view; he generally perhaps gives us the wrong. What he does by his objections is to compel us to take stock of our own ideas, when otherwise they would remain unexamined, and so to modify them where they are faulty. That service we need in war time.

#### WHAT ARE THE REAL MOTIVES OF REPRESSION?

It is worth while to examine our motives in such things as these. The old inquisitor, and the mobs who watched the burning of heretics or massacred them, were quite sure that they were acting for the glory of God, and because they loved truth. But the simpler and perhaps truer explanation is that they did those things because they hated the heretic; that they were moved by what is perhaps one of the fiercest of human instincts and one of the most powerful motives in all history—the instinct to inflict pain upon those guilty of the insufferable presumption of disagreeing with us. We may really be convinced that we shall add to the solidarity of our Alliance, and understand better what to do about Russia, and Japan, and labor, and Ireland, and ship building, and coördination,

and traffic congestion, and Congressional control and a thousand and one similar questions by an embargo on German music or by severe measures against elderly pacifist clergymen. But in times as grave as these it is worth our while perhaps to see which motive we really put first.

### THE ATTITUDE OF PUBLIC OPINION TOWARDS CONGRESS

BY HENRY JONES FORD, PH.D.,

Princeton University.

It is a wise saying that criticism is easy but performance is difficult. It is always the case when difficult and important tasks are being carried on that there are opportunities for fault finding and complaint. The important thing is that means should exist by which public opinion can act intelligently on the subject. Now saying everything in favor of the press that the press would say for itself—and you will admit that is a great deal—I think that I can ask you to bear witness that pure and unsullied devotion to the truth was not always conspicuous and ever manifest in the press even before we had the censorship. And is it not the case that the very idea, the essential characteristic of constitutional government, is that we shall not be dependent upon such outside agencies but that the government itself should be so organized that it would include the function of control; that the activities of the constituted organs of authority should be sufficient to define responsibility and to apportion praise or blame where it is justly due? What is representative government except representing the interests of the people and giving to them exact and effective expression?

There is a marked disposition to speak in terms of disparagement of the behavior of Congress in this emergency and I think it is important at the outset to say that you cannot possibly reach a fair judgment on questions of this kind if you approach the matter merely from its personal aspects. The general idea seems to be that members of Congress are not fully up to their duty and responsibility and that their personal defects are the cause of trouble, whereas the true ground of criticism is the character of the system

under which they act. The Golden Rule of politics was laid down by Edmund Burke in his famous essay in which he said: "Where there is a regular scheme of operations carried on, it is the system and not any individual person who acts in it who is truly dangerous." And surely we have had sufficient experience to know that mere changes in personnel amount to little. Those who come in work in the same system and are subject to the same influences, so all we get is a fresh set of players at the same old game. If we are going to make any substantial improvement, it is necessary to make a change of system.

One feature of the case is the difficulty we are having in getting materials for intelligent judgment. The situation in which we now find ourselves was exactly described by Alexander Hamilton in the *Federalist*. He said:

It is often impossible amidst mutual accusations, to determine on whom the blame or the punishment of a pernicious measure ought really to fall. It is shifted from one to another with so much dexterity, and under such plausible appearances, that the public opinion is left in suspense about the real author. The circumstances which may have led to any national miscarriage or misfortune are sometimes so complicated, that where there are a number of actors who may have had different degrees and kinds of agency, though we may clearly see upon the whole that there has been mismanagement, yet it may be impracticable to pronounce to whose account the evil which may have been incurred is truly chargeable.

At the present juncture there can be no doubt at all as to where the responsibility is truly chargeable. It certainly is the fact that there is waste, confusion, overlapping, duplication, friction and inefficiency in the departments at Washington. This is admitted on all sides. The question is as to whose account is it truly chargeable. As a matter of fact, the war broke upon us at a time when a struggle had been going on for about ten years between the administration and Congress over that very question. Our presidents have been trying to reorganize the departments to obtain economy and efficiency. President Roosevelt appointed what was known as the Keep Commission. This commission made a thorough examination of conditions and a series of recommendations, but the only response of Congress was to pass a law which has been extremely mischievous in this emergency. It was not that Congress denied the need of reform. Very strong views upon that subject are frequently expressed in Congress but questions of privilege caused



Congress to take the position that nothing shall be done until there has been time to consider every feature of the case. So instead of making use of the information for the purpose of introducing more efficient arrangements, Congress put a rider on one of the appropriations bill in 1909 providing that:

Hereafter no part of the public moneys or of any appropriation heretofore or hereafter made by Congress shall be used for the payment of compensation or expenses of any commission, council, board or other similar body, or any members thereof, or for expenses in connection with any work or the results of any work or action of any commission, council, board, or other similar body, unless the creation of the same shall be or shall have been authorized by law.

Now it so happens that the Keep Commission was constituted by detail made by the President of experienced and capable officials in the various departments so that it was theoretically conceivable that this work of reorganization might have been prosecuted without an appropriation. Congress took pains to stop off that possibility by putting in a provision, "nor shall there be employed by detail, hereafter or heretofore made, or otherwise, personal services from any executive department or other government establishment in connection with any such commission, council, board or similar body." In other words, the executive department was absolutely precluded by law from making any arrangements for reorganizing the departments or even looking into the matter.

When President Taft came in he was confronted by this law, and so manifest was the need of action that he appealed to Congress for specific authority to undertake the work of reorganization. He succeeded in getting an appropriation for what is known as the Economy and Efficiency Commission which made a very thorough examination of the departments and issued a series of most valuable reports which will be of great use if the time arrives when it is thought to be really desirable to put the government upon a business basis. Not only did Congress take no action upon the subject, but as soon as there was any attempt on the part of the administration to give a practical effect to these labors, Congress acted with energy and effect. President Taft on January 17 and April 4, 1912, sent in special messages pointing out improvements which could be made, incidentally saving eleven million dollars a year over and above the gain through increased efficiency of service, and he proposed to transmit the budget estimates to Congress there-

after upon a new and improved plan devised by the Economy and Efficiency Commission. The response of Congress was to strike out the appropriation for the support of the Economy and Efficiency Commission, thus practically abolishing it, and then put another rider upon an appropriation bill prohibiting the administration from making any change in the mode of transmitting the budget estimates until Congress specially authorized such a change. President Taft took the position that it was his constitutional right to make his recommendations in such manner as he saw fit, but he was not able to enforce that view on Congress and as a matter of fact the budget is still presented in the same old disorderly way.

I think it is easy to understand that when this war broke out, it was necessary to create a great many new services. This old act of 1909 was simply a great public nuisance. Most valuable time was lost from the inability of the administration to perform functions which are considered as inherent and essential to the position of any general manager in any business concern. The President did not have the legal right to assign so much as a clerk or typewriter from any of the departments for the service of the new boards and commissions called into being. It is important to bear all this in mind because there is now pending a bill which is the direct successor of those previous efforts of the administration to introduce order and efficiency into the government departments. I refer to the Overman Bill which was introduced in the middle of February. It has been under discussion ever since. The *Federalist* lays down as a principle so obvious that it is axiomatic, that the persons from whose agency any ends are expected must be allowed the means to attain those ends. How can you expect the administration to be responsible for results when it is not allowed to have the necessary organization to attain those results? So far the attitude of Congress seems to be that it will vote all the money that is needed but will not vote the organization that is needed. It is the case in all business arrangements that organization is quite as important as the necessary supply of funds. The situation to which the world is tending in every democratic country, with the United States, I regret to state, so far lagging behind, is to give plenary power in the administration subject to absolute control by the representatives of the people.

We talk about power being dangerous. It is just as absurd a

thing as to speak about force being dangerous. What is dangerous is the irresponsible exercise of power, and mere attempts to reduce power by limitation creates this very irresponsibility which is the true danger. We talk about legislation being dangerous. I do not dispute the force of the argument that the extensive powers sought to be conferred upon the President carry with them dangerous possibilities of abuse, but what power could possibly be conferred in civil life that is not necessarily involved in the power granted in waging a war? If the President can be trusted to be commander-in-chief of the army and navy, must it not necessarily be that he should be trusted with all of the civil arrangements to maintain the efficiency of the fighting organization? It is simply absurd to refuse the President powers to arrange and coördinate all the civil departments of government in connection with the military. They are really all parts of the same organization of the national resources.

These ideas which are working through the heads of our politicians so slowly have been acted upon from the first by every other country. In Canada the statute requires the administration to authorize such new things and cause such things to be done as may be deemed necessary or advisable for the security, defense, peace, order and welfare of Canada; and while there are certain schedules of principal things to be done, the act expressly declares that these particulars are to be construed not so as to restrict the generality of the foregoing terms. Is not every business man aware of the principle that if you are going to enforce responsibility you must give discretion to your agent or else you cannot hold him to account? What responsibility could be greater than is imposed by this Canadian statute? The administration having all power, and having a complete choice of things, is thereby held to a responsibility which could not possibly be enforced if there were a limitation upon the power.

That is a situation which is peculiar to this country, and it is becoming intolerable. I do not suppose any one doubts the fact that it is a chronic disease with us. And yet the Constitution of the United States would seem to be very clear as to the power of the President to propose to Congress whatever measures he deems necessary or expedient, and in that case, of course, responsibility would be promptly defined, because then either the President would

obtain the measures he desires, or else their inadequacy would be shown by criticism and the necessary amendments would have to be made. A situation would then be created which would make it an inconvenient and undesirable thing for members to waste their time in introducing their own little bills. They could achieve distinction and perform public service better by studying questions and by acting as critics of the administration's proposals. The way it works out in practice is in this wise. I have been inquiring recently into comparative legislative statistics as between Great Britain and this country. The latest that I have been able to find were those of the British Parliament which began its sessions November 11, 1914. The session lasted until January 27, 1916, a little over fourteen months, and during that period 182 bills were introduced in the House of Commons, and 49 came over from the House of Lords, making 231 altogether. With a calendar of only 231 bills to consider, it is quite likely that there would be time and opportunity to form an intelligent idea of their merits and to discuss them with deliberation and knowledge.

We will now consider the situation which exists in our Congress. The session of Congress which began on December 6, 1915, and extended to December 8, 1916—nine months and two days, which is the latest session that I could compare with the British session—in that time, nine months as against fourteen months in England, 17,798 bills were introduced in the House, and 7,020 in the Senate, or a total of 24,818. In addition, there were 477 joint resolutions and 86 concurrent resolutions, making over 25,000 on the calendars to be considered. I have seen a computation made by an inquisitive member of Congress, in which he figured out that allowing an average of one minute to each member to debate each measure it would require over sixty-six years to go through the calendars in their regular order for one session of Congress.

The effect of that situation is, of course, to cause business to be done in irregular order—by special orders; by the reports of the committee of rules; by conferring special privileges upon particular committees to report at any time. The show of deliberation is mere legislative camouflage. The supreme object is to handle measures so that they can be referred to a conference committee where they may be put in such shape as is acceptable to the various interests which occupy positions of advantage. Our President, the man who is responsible for the results, who is carrying the heavy

burden of this war, is kept in a position in which he has to act, not in his constitutional capacity as chief executive, but as a lobbyist and promoter, having to make use of secret influences and private interviews in order to accomplish his proper official purposes. That is the only way in which he is allowed to act under the methods and rules of Congress.

If I should say that the committee system of government which has been developed in Congress is our greatest public enemy, I fear one would think I was using rather strong language, and yet that is exactly what a calm, well-informed and judicious critic of our institutions, Justice Story of the Supreme Court, has said. In his *Commentaries* he expressed the opinion that, if ever the Constitution of the United States is overthrown, it will be owing to that fact—that the President, instead of being allowed his proper constitutional opportunity of presenting and defining his policy to the Houses of Congress, is compelled to resort to secret influences and to private arrangements. The encroachment of Congress upon the presidential function begets in its turn an encroachment of the President upon congressional functions, and it is just in that way and in no other way all through history that dictatorship has been erected upon the ruins of a free constitution.

So then, it is not merely the war we have to consider. We have to consider what really in many respects is a more serious situation still—what is going to happen when the war is over? What is going to be done with the millions of men who have been taken away from homes and occupations and put on the fighting line? Are they to be simply dumped upon the community when the war is over? Enormous tasks of government will devolve upon every civilized nation as a result of this war. Do you think they can be performed by such clumsy, ill-contrived methods as prevail at Washington today? That is a point to which we all ought to give our most serious attention. We talk about making the world safe for democracy, which is certainly a grand ideal, but there is another ideal which is associated with it, and that is the importance of making democracy safe for the world. The point upon which public opinion should concentrate now is to make Congress safe for democracy. That is the weak spot in our institutions, and that is the place which has to be strengthened to enable this nation to rise to its full stature. We must exert all our forces and throw all our energies into this tremendous contest.



## BOOK DEPARTMENT

### THE BUSINESS MAN'S LIBRARY

#### ADVERTISING

HIGHAM, CHARLES F. *Scientific Distribution*. Pp. 183. Price, \$1.50. New York: Alfred A. Knopf, 1918.

This book is really written about one suggestion or idea which should prove stimulating to publicity and advertising men—that the making known of facts through publicity methods need not be confined to commercial purposes. In a word, scientific distribution, as the author sees it, means not only the distribution of commodities but the distribution of ideas and ideals.

Mr. Higham sees in the tremendous force of publicity a "potential ally" of righteous government and sound education, a disseminator of intelligence and good will. He thinks that publicity has a part to play in all forms of distribution, but that we today distribute goods with far more skill than we distribute thought.

Something like this idea has come to publicity and advertising men before, but Mr. Higham is one of the first to set out clearly its possibilities of employing newspaper display, posters and other mediums in disseminating ideas as to state policies, party principles, social problems, literature, and, in fact, all activities in which organized society is concerned.

The new elements in this book have been confined to the last third of it, the other parts being devoted to the historical and modern aspects of advertising. While some analysis of commercial advertising is necessary to explain more clearly and fully the "distribution of ideas," the book seems over-balanced in this respect.

Mr. Higham brings considerable experience to his task, having been a dominating figure in the London advertising fields, and is one of the leading advertising agents in the world.

There is no question but that the field of publicity is broadening, new fields for its employment having been opened up by the war. In political matters it has been employed to some extent, but Mr. Higham believes that political parties could employ it much more effectively than they are doing by their present wasteful methods of printing long speeches and pamphlets which few people read. For the stimulating suggestions the book gives it was well worth the writing and ought to be of great service to the agents of publicity in any field.

J. W. PIERCY.

*University of Indiana.*

KASTOR, E. H. *Advertising*. Pp. xiii, 317. Chicago: La Salle Extension University, 1918.

This is a work primarily for the average business man. Mr. Kastor is a member of the firm of H. W. Kastor & Sons, an advertising company of Chicago and

St. Louis, and the knowledge he has formulated in his pages, he says, has been gathered and verified by the observation and practical experience of more than twenty years. Further than this, his advertising knowledge is backed by wide experience as a traveling salesman, merchandising man and sales-manager. The book is listed among the courses of business administration by the La Salle Extension University, of Chicago.

The purpose of the book is well carried out. It explains to the business man the important aspects of advertising. While much detail is necessarily excluded from a book of 312 pages, nevertheless Mr. Kastor has clearly and succinctly set out the fundamental things. He begins by treating of the nature and function of commercial advertising and by showing how an advertising campaign is planned. With this as a groundwork he takes up the questions of appeal, effective copy, illustrations and display, layouts, typography, proofs, mediums, catalogues and booklets, outdoor advertising, dealers' literature, selling merchandise direct, and retail advertising. Two of his chapters that are especially suggestive are those of "The Appeal that Sells," and "Effective Copy." The color process is shown by colored plates.

The book lacks some of the elements of the academic text in that the laboratory proofs or conclusions have not been given and in its neglect of outlines, yet it could well serve the needs of classes of beginners in the subject. The assertions of the author are explained and supported by numerous illustrations or examples of actual advertisements.

J. W. PIERCY.

University of Indiana.

#### BANKING INVESTMENTS AND FINANCE

CONYNGTON, THOMAS. *Corporate Organization and Management*. (4th ed., rev. by H. Potter.) Pp. xxvi, 778. Price, \$5.00. New York: The Ronald Press Company, 1917.

One who has seen earlier editions of Conyngton's *Corporate Organization and Corporate Management* thumbed with earnest attention by corporation secretaries endeavoring to learn in one matter after another the duties of their office, looks with interest at a new and combined edition of these works. For the new edition the work was revised by H. Potter of the New York bar, who, one learns in the preface, is Miss Helen Potter. The reviewer has noticed elsewhere the disguise of the feminine under the non-committal initial in the publication of work on financial topics. If this is at the behest of the publisher, one may well raise the question of fairness. If at the desire of the person whose personality is thus partly disguised, why the hesitation about a fuller disclosure?

The work has become familiar enough not to call for extended comment. Though not primarily a lawyer's book the authority of citations is given for most of the statements made, but they are kept in an unobtrusive form and do not interfere with easy consecutive reading. The main object of the work is to present what an interested layman wants to know about the legal aspects and

mechanism of the operation of corporations, and for this purpose it is careful, complete and effective. It may be useful to a lawyer as a rapid general review to refresh his recollection of matters to which he should give consideration.

Some of the presentation of the financial aspects of corporations, as, for example, in the chapter on bonds, is perhaps too brief and general to be of substantial value and seems a little out of focus with the treatment as a whole. The chapter on associations under declarations of trust, which seems to be new matter, is clearly stated and interesting.

There is a considerable collection of forms. The presentation of brief comments on their use is valuable. Such comments might well be a more frequent feature of form collections.

HASTINGS LYON.

New York City.

# FOREIGN TRADE AND COMMERCIAL GEOGRAPHY

MORGAN, H. E. *Business Organization*. Pp. viii, 253. Price, 5s. London: E. Nash Company, Ltd., 1917.

This volume is composed of a series of short essays that first appeared in the column of the London *Daily Telegraph*. The articles fall into four groups each with its own theme. The first section deals with national organisation; it looks upon the nation as a business community, and suggests ways by which commercial efficiency may be promoted by combined action, laying particular stress upon coöperation between the state and business units, or between those units themselves. The need for industrial education is also forcefully brought forward.

In the second part the author treats of the opportunities for trade made possible by the war. He takes up in detail the cotton, hosiery, chinaware, lace and curtain, and paper industries, preaching the gospel of commercial aggrandizement in war-swept markets. The topics of factory location, and the human element in business are given considerable space in this section although they bear little direct relation to the group. Following is a portion devoted to office and staff problems. This, less philosophic than the preceding sections, outlines systems of office management and descends to description of office fixtures. In the last section Mr. Morgan returns to his thoughtful vein in writing about the art of selling. He touches upon such matters as advertising, window-dressing, and illumination. The concluding essay is a plea for the small store; its necessary economic place in neighborhood service is set forth convincingly.

To American readers the book should prove interesting because it helps to prove the international character of business problems. In some respects such as in office appliances we have advanced beyond our British cousins, but in others such as in foreign trade, they can teach what we need to learn. Business men and economists ought to find Mr. Morgan's book a stimulant.

MALCOLM KEIR,

University of Pennsylvania.

## INDUSTRIAL MANAGEMENT

BABCOCK, GEORGE D. *The Taylor System in Franklin Management*. Pp. xx, 245. Price, \$3.00. New York: The Engineering Magazine Company, 1917.

This is a book for the "man from Missouri"; it shows what may be done with the Taylor principles of management, by setting forth what was accomplished in one concrete instance. There are a great many business men who, having heard about scientific management, are wondering if it is practicable and just how they would go about installing it in their works. Mr. Babcock answers these questions. He tells the painstaking investigation made by the Franklin Company before it undertook to apply the new ideas in their own management. When the company was thoroughly convinced that Taylor's principles were workable, then changes in the existing organisation were made gradually. First, the methods of receiving, storing and accounting for stores were overhauled; second, product tools and methods were classified and standardized; third, new systems of control were installed; fourth, time studies and wage adjustments were made, and last, new machines and equipment were put in place. Two features in this recital stand out, one the ingenious control boards invented by Mr. Babcock, and the other a method of payment whereby wages were brought into accord with the workers' reduction of fixed charges.

Mr. Babcock claims that the Taylor system has reduced Franklin costs, increased wages, and turned out a better product for a lower selling price. The book has two appendices that give in detail the Franklin wage system and examples of the results of the application of scientific management. The volume should prove invaluable to any "doubting Thomas" hesitating over the adoption of the Taylor system of management.

MALCOLM KEIR.

*University of Pennsylvania.*

## ECONOMICS

LAUGHLIN, J. LAURENCE. *Credit of the Nations*. Pp. xii, 406. Price, \$3.50. New York: Charles Scribner's Sons, 1918.

There is a possibility that many readers may be misled by the title of Professor Laughlin's volume, thinking it a discussion of governmental rather than of private and banking credit. Governmental fiscal problems are given some attention, but the leading emphasis is placed on individual, bank and corporate financing. As a survey of these subjects it is comprehensive and stimulating.

After two introductory chapters, credit operations in England, France, Germany and the United States are treated in order. The first chapter surveys most admirably the economic situation from 1880 to the present, indicating the rapid progress in all lines of industrial, commercial and financial life and their bearing on the war. This is followed by a discussion of war and credit in which the author presents his general theory of credit, whose main features are familiar to his former students and to others who have become familiar with his views through his writings. Their significance in the present crisis is pointed out with particular emphasis on the disasters accompanying inflation.

Professor Laughlin has great confidence in the ability of the English to carry their colossal war burden and believes that experience has shown the strength of the British credit system, particularly as contrasted with the German. One of his chief criticisms is directed against the issue of the government currency notes when an amendment of the Bank Act, allowing the issue of 1 pound and 10 shilling bank notes, would have met the need. On the whole the reader feels that while the author's confidence in the English financial structure is warranted, he has perhaps been too extreme in some of his conclusions. An illustration of this is his insistence (*e. g.*, pp. 105, 119 and 131) that there is no depreciation of the currency notes in terms of gold. A failure to have this evidenced in actual transactions does not seem to prove its non-existence, while the author's view is so much at variance with that of some other writers (*e. g.*, Professor Shield Nicholson in "War Finance") as to indicate the need for further elaboration.

It is very properly indicated that the grave weakness in France is the confusion of fiscal and monetary functions which has worked itself out through the Bank of France. To an unfortunate degree the French government has relied on the Bank for funds with the result that a large volume of demand notes has been put in circulation, the assets against them being "Advances to the government." The analysis of German conditions is the clearest and most convincing that has come to the reviewer's notice. The general conclusions seem in a few instances rather sweeping, but the key note is struck near the end of the chapter where it is pointed out that financial "comparisons for the purpose of estimating the duration of the war are mechanical. . . . All depends on the spirit to sacrifice."

In the final chapter dealing with credit in the United States, most of the space is devoted to a review of the facts. Emphasis is placed on the importance of the federal reserve system as a part of our financial machinery and on the possibility of saving and the significance of what has already occurred. Here again it is hard to agree in full. There seems to be considerable ground for fearing that as yet American savings have not increased as they should and must, but that much of the apparent increase has been secured at the sacrifice of maintenance and depreciation. Also the statement (p. 352) that the volume of federal reserve notes "can create no concern" will bring an emphatic dissent from many students.

E. M. PATTERSON.

University of Pennsylvania.

WITHERS, HARTLEY. *Our Money and the State*. Pp. x, 119. Price, \$1.25. New York: E. P. Dutton and Company, 1917.

A popular, simple presentation of problems of public finance in which the author contends that the burdens of the war must be met in the present. He advocates heavily graduated taxes, drawing a distinction between earned and unearned income,—that is, between service and property income. He expresses a hope and thinks it possible that a further distinction can be drawn between property accumulated during one's lifetime and property inherited, this distinction to be of considerable weight in imposing taxes.

C. H. C.



## POLITICAL SCIENCE

HOAR, ROGER SHERMAN. *Constitutional Conventions: Their Nature, Powers and Limitations*. Pp. xvi, 240. Price, \$2.00. Boston: Little, Brown and Company, 1917.

This book was very much needed, and Mr. Hoar has performed a distinct public service in bringing it out at this time. We appear to be in a period of constitutional change in our states. Steps were taken in at least ten states at the last sessions of the legislatures to provide for constitutional conventions, and active movements are in progress in several other states. But, despite the direct and concrete interest in *Constitutional Conventions: Their Powers and Limitations*, there is no treatise to which one can turn which brings the law of the subject down to date. The great work of Judge Jameson, which is the main authority on the subject, was published in 1867 and revised slightly in 1887. Much water has passed over the mill since that time. Dodds' book, *The Revision and Amendment of State Constitutions*, helped considerably to supply the deficiency, but that book is historical rather than legal.

The timeliness of Mr. Hoar's book cannot be better illustrated than by the fact that it was scarcely off the press when it was quoted by both the majority and dissenting opinions of the Indiana Supreme Court in passing upon the constitutionality of the Convention Act of 1917.

The book is divided into eighteen chapters, and in all cases the legal principles are briefly and concisely stated. It is an easy book to consult, and even the layman will find it of great interest if he happens to be at all concerned with the problems of constitution making. The chapter headings indicate the scope of the book: The Origin of Conventions, Fundamental Principles, Analysis of Questions, Popular Conventions are Legal, Who Calls the Convention, Legislatures as Conventions, Executive Intervention, The Convention Act not Amendable, Legislative Control, Popular Control, Extraordinary Powers Claimed, Judicial Intervention, Does the Constitution Apply, Internal Procedure, Status of Delegates, Submission of Amendments, The Doctrine of Acquiescence, Conclusions.

Particular reference should be made to the last chapter containing the conclusions of the author. These conclusions are boiled down to the minimum of statement, and the summary contained in the chapter is invaluable. The volume gives evidence of a tremendous amount of expert work. The author has made a first-hand examination of the cases and has not relied upon the interpretations of other authors. He has, moreover, proceeded without any set convictions, such as beset Jameson. His sole inquiry has been to determine what the legal status is, rather than what it should be. We may disagree with the conclusions of the courts, but we can hardly disagree with the conclusions of the author regarding the conclusions of the courts. If, as it appears, we are to have a reorganization of our state constitutions, this book will grow in importance.

JOHN A. LAPP.

Columbus, Ohio.

McBAIN, HOWARD LEE, *American City Progress and the Law*. Pp. vii, 269. New York: Columbia University Press, 1918.

This book covers the principles of law on such general matters as Home Rule, Smoke, Nuisance, Billboards, Zoning, Excess Condemnation, Municipal Ownership, Municipal Markets, Parks and Playgrounds, and the Promotion of Commerce and Industry. It contains nothing new but may serve as a handy reference for those who do not have the standard works at hand.

C. L. K.

LUTZ, HARLEY LEIST. *The State Tax Commission*. Pp. ix, 673. Price, \$2.75. Cambridge: Harvard University Press, 1918.

Within recent years American students of taxation have been giving increased attention to problems of administration. One can easily be convinced of this fact by examining the proceedings of the National Tax Association. A factor in fiscal administrative systems that has been much discussed has been the state tax board. Except for Chapman's monograph in 1897, however, no special study of this important subject had been attempted prior to the publication of the present volume. Chapman's study was comparatively brief and is now out-of-date. Lutz's contribution offers a complete and up-to-date critical history of great value.

Dr. Lutz first deals in a general way with the evolution of centralized administration in state taxation. Next he reviews the development of the early boards of equalization and assessment. The organization and the equipment of state tax departments are also touched upon. Then follows the most useful part of the book, a detailed historical critique of eleven chapters dealing with the tax commissions of as many states. The states selected are those (including Indiana, New York, Ohio and Wisconsin) where such commissions are of especial interest on account of their age, experience or powers. The commissions of all the remaining states, excepting Idaho, Montana, Arkansas and North Dakota, are treated together in three other chapters.

The writer's study of the tax commission has compelled him to pay considerable attention to the general development of state tax systems. Accordingly he has given us what is perhaps the nearest approach to a treatise on state taxation that has yet appeared. However, his treatment of taxation as such has been carefully subordinated and the emphasis of the volume falls on the problem of centralized administration.

The book is rounded out by an appraisal of the work of tax commissions and by several valuable conclusions concerning the control central boards should have over local assessments. The author argues against "bureaucratic centralization," such as Ohio once had, yet he believes that state supervision of local administration has been highly beneficial thus far and that it should be extended in several directions.

This study was awarded the David A. Wells Prize for the year 1915-1916, a recognition fully deserved.

FRANK T. STOCKTON.

University of South Dakota.

MUIR, RAMSEY. *Nationalism and Internationalism*. Pp. 229. Price, \$1.25. Boston: Houghton, Mifflin Co., 1917.

The main thesis of this work is that the growth of the national state constitutes a step in the development of internationalism. The author takes issue with those who believe that the growth of intense nationalism has been the cause of most international conflicts and is at the root of the present world struggle. He emphasizes the importance of having political boundaries co-terminous with national units. Boundaries determined by conquest are certain, sooner or later, to be the source of further conflict. Furthermore, with national ambition satisfied through the corresponding arrangement of political boundaries, there is furnished the basis for the growth of orderly relations between states. The author believes that with national ambitions satisfied, there will be no danger of international aggression.

His lucid presentation of the subject, combined with the judicious use of historical material, makes this book one of the most illuminating presentations, thus far published, of the relation between nationalism and internationalism.

L. S. R.

SCOTT, JAMES BROWN. *A Survey of International Relations between the United States and Germany*. Pp. cxiv, 300. Price, \$5.00. New York: University Press, 1917.

The title of this work is a bit misleading. It indicates that the book is a treatise on the relations between the United States and Germany, but in fact the contents embrace much more than the title suggests. To start with, there are 114 pages (about one-fourth of the entire matter of the text) of documentary material consisting of extracts from the writings of German philosophers like Hegel and Lasson, of militarists, like von Clausewitz, von Moltke and Bernhardt, of the historians Treitschke and Mommsen, from the utterances of Frederick the Great, Bismark, Bethmann Hollweg and William II, and from the *Kriegsbrauch im Landkriege*, all selected for the purpose of illustrating German conceptions regarding the nature of the state, of international law and of international policy. They appear to have been translated by the author from the German original, and in some cases they are accompanied by critical bibliographical and expository notes. They illustrate well enough the immoral, not to say brutal, theories which have long been current in Germany, although it is submitted that in some cases more apt selections could have been made, notably from von Clausewitz and the *Kriegsbrauch*. Interesting and valuable enough as illustrations of Germany's philosophy, they of course have no immediate relation to the subject of the treatise as announced in the title. This elaborate exhibit is followed by a chapter on the genesis of the war of 1914 in which the international relations of Europe since 1815 are reviewed.

The author then proceeds to consider the problem of American neutrality following the outbreak of the war in Europe and he examines in turn the various charges of unneutral conduct made against the government and people of the United States as they are set forth in Senator Stone's letter of January 8, 1915, to

Secretary Bryan. The author shows convincingly enough to an impartial mind that none of the charges had any basis in international law.

Then coming to the more immediate questions at issue between Germany and the United States, he considers in turn the controversies raised by the German methods of submarine warfare, the German position as to armed merchantmen, the destruction of prizes, war zones, blockades, mines, reprisals, etc. The book concludes with two chapters of special merit, one on arbitration showing how the Germans defeated at the second Hague Conference the project for an obligatory arbitration treaty, and the other on the freedom of the seas, in which the views of Grotius and the doctrine of the United States Supreme Court are set forth at length.

By reason of the great learning of the author as a jurist and his special familiarity with many of the questions of international law involved in the controversy with Germany, due to his official connection with the neutrality board which passed upon those questions, his analysis of the points of law raised is both illuminating and sound, and as such, his treatise presents the American case against Germany in an able and convincing manner. As to his interpretation of the principles of international law, applicable to the questions discussed, there is little to criticize. Unfortunately the enormous amount of quoted matter which encumbers the pages of his book makes it rather hard reading. We could only wish that there had been less of this and more of the distinguished author's discriminating analysis and comment.

J. W. G.

THORPE, FRANCIS NEWTON. *The Essentials of American Constitutional Law*. Pp. xii. Price \$1.75. New York: G. P. Putnam's Sons, 1917.

This epitome of the leading principles of American constitutional law and their application in judicial decisions, is designed for the use of college classes and the general reader. Starting with an effective exposition of Sovereignty in the American Constitutional System, the author discusses in turn Legislative Powers, Taxation, Commerce, Contracts and Property, Executive Power, Judicial Power, State Comity, Territories and Possessions, Limitations, Fundamental Rights, and Citizenship. To the twelve chapters of text are added the Constitution of the United States, a table of cases cited, facilitating the use of court reports and case-books, and a brief index.

The chapter on judicial power might well precede the analysis of legislative and executive powers, thus capitalizing the unity inherent in our constitutional law, owing to the unique function of American courts in protecting individual rights against governmental encroachment. And since fundamental constitutional rights limit the exercise of both federal and state powers, it seems advantageous to accord the former prior treatment. Further, to scatter the discussion of fundamental rights in several chapters primarily devoted to other subjects, invites confusion and duplication, as evidenced by the author's account of "due process of law."

Grave omissions and errors are noted. There is no reference to such well known cases as *Standard Oil Company v. the United States* (221 U. S. 1) and *Muller*

v. *Oregon* (208 U. S. 412). Certainly the Eleventh Amendment did not "deny to the courts of the United States any jurisdiction whatever in any case in which an American Commonwealth is made a defendant" (p. 114). Nor did the United States Supreme Court, in *Lochner v. New York* (198 U. S. 45), sustain a law of New York State establishing a ten-hour day and sixty-hour week for bakers (p. 209, note).

LEONARD P. FOX.

Princeton University.

VEBLEN, THORSTEIN. *The Nature of Peace*. Pp. xiii, 367. Price, \$2.00. New York: The Macmillan Company, 1917.

With each of Mr. Veblen's books there comes the gratifying certainty that every problem which he treats will be approached from a new viewpoint and that even the most hackneyed questions will acquire new interest when subjected to his searching analysis. In this work he has given an illuminating critique of the part played by the state in peace and in war. The conclusion reached by the author is that the state is an organization growing out of warlike operations, and that while it is an instrument adapted to the making of peace, it is not adapted to perpetuating it.

Probably no more scathing arraignment of the doctrine of balance of power has ever been made than that contained in this book. He shows how this doctrine has disregarded real national interests, subordinating them to a desire for power and domination, and that in the desire to secure power the welfare of the mass of the people has been completely lost sight of.

The book contains an excellent analysis of the effect of industrial life on the militant and aggressive tendencies in national organization. The author evidently believes that through such industrial development, the pacific tendencies of the masses of the people, and the spirit of solidarity of the working classes, will be so strengthened that political leaders can no longer arraign nation against nation.

Probably the most important conclusion reached by the author is that we cannot hope for anything approaching a durable peace until "the present pecuniary law and order, with all its incidents of ownership and investment," is completely changed.

L. S. R.

VON SCHIERBRAND, WOLF. *Austria-Hungary: the Polyglot Empire*. Pp. vii, 352. Price, \$3.00. New York: Frederick A. Stokes Company, 1917.

Dr. von Schierbrand was in Austria from 1912 to 1916, thus having ample time to see the Dual Monarchy both at peace and at war. While disclaiming the production of another "war book," the author nevertheless and necessarily touches upon war topics, especially near the end where he discussed refuge camps, visits to war prisoners, the future of Austria-Hungary, and so forth. For the most part, however, the work is a description and interpretation of the forces at work in this many-sided country. The historical background is given in the opening chapters, showing how the "polyglot empire" came to be; the racial question, with its disrupting tendencies, is adequately presented; the political and social



life of the country outlined. Of special interest at the present time is the chapter on economic troubles and their remedy. The generally undeveloped condition of agriculture and the prevailing inefficiency of industrial life as described by the author is in strong contrast with the conditions prevailing in Germany. In fact, we are told that, with a few notable exceptions, German initiative, German managers, German methods, and, to a large degree, German capital, are principally responsible for what modern economic progress Austria-Hungary has made. As for the future, the author concludes that Austria-Hungary must come, in increasing measure, under the sway of Germany, in political as well as in economic life, unless liberal forces win out, and the many nationalities in the polyglot empire be given their freedom to work out their own life by the establishment of something analogous to a "United States of Austria-Hungary."

G. B. R.

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# ECONOMIC PRIZES

FIFTIETH YEAR

In order to stimulate interest in the study of topics relating to commerce and industry, and to stimulate those who have a college training to consider the problems of a business career, a committee composed of

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has been organized through the generosity of Messrs. Earl Schaffner, Masters of Chicago, to offer every year prizes for the best papers in the economic field.

In addition to the prizes printed below, we will send on request a list of other available subjects proposed in past years. Attention is expressly called to the rule that a contestant is not entitled to have his papers in the announcements of subsequent years, but any other subject should first be approved by us.

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Class A includes only those who, at the time the papers are sent in, are undergraduates in any American college. Class B includes any other Americans, without limitation, the possession of a degree is not required. In any contest in this class, there is no age limit set.

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